IMPORTANT NOTICE

THE OFFERING CIRCULAR IS AVAILABLE ONLY TO INVESTORS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933 (AS AMENDED, THE "**SECURITIES ACT**") ("**REGULATION S**")) AND ARE OUTSIDE THE UNITED STATES.

IMPORTANT: **You must read the following disclaimer before continuing.** The following applies to the offering circular following this page (the "**Offering Circular**"), whether received by e-mail, accessed from an internet page or received as a result of any other electronic transmission, and you are therefore advised to read this carefully before reading, accessing or making any other use of the Offering Circular. In accessing the Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from: (i) Vanquis Banking Group plc (the "**Issuer**"); or (ii) Morgan Stanley & Co. International plc (the "**Sole Bookrunner**") as a result of such access. The Offering Circular has been prepared solely in connection with the proposed offering of the securities described therein to certain institutional and professional investors.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE OR A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES DESCRIBED IN THE OFFERING CIRCULAR AND THE ORDINARY SHARES INTO WHICH THEY MAY CONVERT IN CERTAIN CIRCUMSTANCES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS (AS DEFINED UNDER REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. THE OFFERING CIRCULAR MAY ONLY BE DISTRIBUTED OUTSIDE THE UNITED STATES TO PERSONS THAT ARE NOT U.S. PERSONS, AS DEFINED IN REGULATION S. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The Offering Circular is being distributed only to and directed only at: (i) persons who are outside the United Kingdom, (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), as amended, or (iii) persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000, as amended, does not apply (all such persons together being referred to as "**relevant persons**"). The Offering Circular is only directed at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Offering Circular relates is available only to, and will be engaged in only with, relevant persons (and subject to the other restrictions referred to therein).

Prohibition of Sales to EEA Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**") or; (ii) a customer within the meaning of Directive 2016/97/EU, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**EU PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

UK MiFIR product governance / Professional investors and ECPs only target market – Manufacturer target market (UK MiFIR product governance) is eligible counterparties and professional clients only (all distribution channels).

Confirmation of your Representation: In order to be eligible to view the Offering Circular or make an investment decision with respect to the securities described therein, you must be outside the United States and not be, or be acting on behalf of, a U.S. person (within the meaning of Regulation S). The Offering Circular is being sent at your request and by accessing, reading or making any other use of the Offering Circular, you shall be deemed to have represented and warranted to the Issuer and the Sole Bookrunner that (1) you understand and agree to the terms set out herein; (2) you are outside the United States and are not a U.S. person (within the meaning of Regulation S), or acting for the account or benefit of a U.S. person and to the extent you purchase any Notes, you will be doing so pursuant to Regulation S, and that any e-mail address to which, pursuant to your request, the Offering Circular has been delivered by electronic transmission is not located in the United States for the purposes of Regulation S; (3) if you are a person in the UK, then (a) you are not a UK retail client within the meaning of COBS 3.4, and (b) you are a person (i) who has professional experience in matters relating to investments within the meaning of Article 19(5) of the Order, or (ii) to whom the Offering Circular may otherwise lawfully be communicated in accordance with the Order; (4) you are not a retail investor for the purposes of the EU PRIIPs Regulation or the UK PRIIPs Regulation; (5) you consent to delivery by electronic transmission of the Offering Circular; (6) you will not transmit the Offering Circular (or any copy of them or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Sole Bookrunner; and (7) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the securities.

The Offering Circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or the Sole Bookrunner or any of their respective subsidiaries, nor any person who controls any of them or any director, officer, employee or agent of any of them, or any affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the Offering Circular distributed to you in electronic format and the hard copy version available to you on request from the Sole Bookrunner. If you receive this document by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The distribution of the Offering Circular (or the final form) in certain jurisdictions may be restricted by law. Persons into whose possession the Offering Circular come are required by the Issuer and the Sole Bookrunner to inform themselves about, and to observe, any such restrictions.

You are reminded that the Offering Circular has been delivered to you on the basis that you are a person into whose possession the Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Offering Circular to any other person. You may not transmit the Offering Circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Sole Bookrunner.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Sole Bookrunner or any affiliate of the Sole Bookrunner is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Sole Bookrunner or such affiliate on behalf of the Issuer in such jurisdiction.

No representation or warranty, expressed or implied, is made or given by or on behalf of the Sole Bookrunner, the Trustee, the Principal Paying Agent, the Agent Bank, the Registrar and Transfer Agent, or any person who controls any of them, or any director, officer, employee or agent of any of them, or any affiliate of any such person, as to the accuracy, completeness or fairness of the information or opinions contained in the Offering Circular and such persons do not accept responsibility or liability for any such information or opinions.

VANQUIS BANKING GROUP PLC

(incorporated with limited liability under the laws of England and Wales)

£60,000,000 10.875 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes

The issue price of the £60,000,000 10.875 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the "**Notes**") of Vanquis Banking Group plc (the "**Issuer**" or the "**Company**") is 100.000 per cent. of their principal amount.

From (and including) 1 October 2025 (the "**Issue Date**") to (but excluding) 1 May 2031 (the "**First Reset Date**"), the Notes bear interest at the rate of 10.875 per cent. per annum. From (and including) each Reset Date to (but excluding) the next following Reset Date, the Notes will bear interest at a rate which is the aggregate of the margin of 7.344 per cent. per annum and the Mid-Market Swap Rate in respect of the relevant Reset Period, converted to a semi-annual rate in accordance with market convention as instructed by the Issuer (rounded to three decimal places, with 0.0005 rounded down), as provided in Condition 6(d) (*Interest – Reset Interest Rate*). **The interest rate following any Reset Date may be less than the initial interest rate and/or the interest rate that applied immediately prior to such Reset Date**. Subject to the conditions set out herein, interest, if any, shall be payable semi-annually in arrear on 1 May and 1 November of each year (each an "**Interest Payment Date**"), except that the first date on which interest may be paid will be 1 November 2025 (also an "**Interest Payment Date**") in respect of the period beginning on (and including) the Issue Date and ending on (but excluding) 1 November 2025. Payments on the Notes shall be made in pounds sterling without deduction for or on account of taxes imposed or levied by the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, except in the circumstances described under Condition 11 (*Taxation*).

The Issuer may at all times and for any reason elect at its full and absolute discretion to cancel (in whole or in part) interest that would otherwise be payable on any Interest Payment Date. In certain circumstances, the Issuer will be required to cancel interest (or part thereof) otherwise payable on an Interest Payment Date. If the Issuer does not pay interest (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such interest (or relevant part thereof). The cancellation of interest (or part thereof) in accordance with the Conditions shall not constitute a default for any purpose on the part of the Issuer. Interest payments are non-cumulative.

The Notes will be perpetual and have no fixed maturity or fixed redemption date. As a result of the fact that the Notes are perpetual notes and that the Issuer may cancel (in whole or in part) any interest payment at any time, the Issuer will not be required to make any payment of the principal amount of the Notes at any time prior to a Winding Up or Qualifying Procedure of the Issuer (each as defined herein) and Holders (as defined herein) may not receive interest on any Interest Payment Date.

The rights and claims of the Holders in respect of or arising from the Notes will be subordinated to the claims of Senior Creditors.

Subject to certain conditions set out in Condition 8 (*Redemption and Purchase; Substitution and Variation*), the Notes may be redeemed at the option of the Issuer in whole but not in part at their principal amount together with any Accrued Interest (as defined herein) on (i) any date from (and including) 1 November 2030 to (and including) the First Reset Date and (ii) any date from (and including) the date falling six months prior to any subsequent Reset Date to (and including) such Reset Date. In addition, and subject to certain conditions set out in Condition 8 (*Redemption and Purchase; Substitution and Variation*), the Notes may be redeemed, substituted or varied at any time upon the occurrence of certain tax events due to changes to law or if as a result of any amendment to, or change in, the regulatory classification of the Notes the whole or any part of the principal amount of the Notes are, or are likely to be at any time, excluded from, or cease to count towards, the Regulatory Group's Tier 1 Capital (as defined herein) or at any time if the outstanding aggregate principal amount of the Notes is equal to or less than the Clean-up Call Threshold, all as more particularly provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*).

If a Trigger Event (as defined herein) occurs at any time, then an Automatic Conversion (as defined herein) will occur on the Conversion Date (as defined herein), at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released by the Holders in consideration of the Issuer's issuance of the Conversion Shares (as defined herein) to the Conversion Shares Depositary (as defined herein) (or other relevant recipient as set out herein) on the Conversion Date at the Conversion Price (as defined herein). Under no circumstances shall such released obligations be reinstated. The Conversion Shares shall initially be registered in the name of the Conversion Shares Depositary (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient in accordance with the terms of the Notes. The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer (as defined herein) be made by the Conversion Shares Depositary to all or some of the Issuer's ordinary shareholders at such time. The realisable value of any Conversion Shares received by a Holder following an Automatic Conversion may be significantly less than the Conversion Price of £0.765 initially, and Holders could lose all or part of their investment in the Notes as a result of the Automatic Conversion.

Application has been made for the Notes to be admitted to trading on the International Securities Market (the "**ISM**") of the London Stock Exchange plc (the "**LSE**") on or about the Issue Date. The Notes are a new issue of securities and have no established trading market. There can be no assurance that an active trading market in the Notes will develop, and any trading market that does develop may not be liquid. The ISM is not a regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**UK MiFIR**").

The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). The LSE has not approved or verified the contents of this Offering Circular. This Offering Circular does not comprise a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the EUWA. This Offering Circular comprises admission particulars in accordance with the ISM Rulebook.

Pursuant to the FCA Conduct of Business Sourcebook ("COBS"), the Notes are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK or to any retail investors in the UK or the European Economic Area ("EEA"). No key information document (KID) required by Regulation (EU) 1286/2014 or that Regulation as it forms part of UK domestic law has been or will be prepared in respect of the Notes, as the Notes are not available to retail investors in the EEA or the UK. Prospective investors are referred to the section headed "*Prohibition on marketing and sales to retail investors*", "*Prohibition of sales to EEA retail investors*" and "*Prohibition of sales to UK retail investors*" on pages 2 to 3 of this Offering Circular for further information.

The Notes and the Conversion Shares into which they may convert have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). The Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by a global registered certificate (the "**Global Certificate**") registered in the name of a nominee for, and deposited with, the common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**"). Certificates in definitive certificated form ("**Individual Certificates**") evidencing holdings of Notes will only be available in certain limited circumstances. See "*Summary of Provisions relating to the Notes in Global Form*".

An investment in the Notes involves risk. Prospective investors in the Notes are recommended to read this Offering Circular, including the section entitled "*Risk Factors*" carefully. Investors should reach their own investment decision about the Notes only after consultation with their own financial and legal advisers about the risks associated with an investment in the Notes and the suitability of investing in the Notes in light of the particular characteristics and terms of the Notes, which are complex in structure and operation, and in light of each investor's particular financial circumstances.

The Notes are unrated as of the date of this Offering Circular.

Sole Bookrunner

Morgan Stanley

Dated: 29 September 2025

CONTENTS

Page

IMPORTANT NOTICES

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

This Offering Circular is to be read in conjunction with all information which is incorporated by reference herein. This Offering Circular shall be read and construed on the basis that such information is incorporated by reference in, and forms part of, this Offering Circular.

The Sole Bookrunner and the Trustee have not 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 Sole Bookrunner or the Trustee or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer in connection thereto. None of the Sole Bookrunner, the Trustee or any of their respective affiliates accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer in connection thereto. The statements made in this paragraph are made without prejudice to the responsibility of the Issuer under this Offering Circular.

To the fullest extent permitted by law, neither the Sole Bookrunner nor the Trustee nor any of their respective affiliates accepts any responsibility for the contents of this Offering Circular, or for any other statement made, or purported to be made, by the Sole Bookrunner or the Trustee or any of their respective affiliates or on their behalf in connection with the Issuer or the issue and offering of the Notes. The Sole Bookrunner, the Trustee and their respective affiliates disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

No person is or has been authorised by the Issuer, the Sole Bookrunner or the Trustee to give any information or make any representation regarding the Issuer or the Notes. Any such representation or information should not be relied upon as having been authorised by the Issuer.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Offering Circular.

Neither this Offering Circular nor any other information supplied in connection with this Offering Circular or the Notes (a) is intended to provide the basis of any credit or other evaluation and (b) should be considered as a recommendation (or a statement of opinion) by the Issuer or the Sole Bookrunner that any recipient of this Offering Circular or any other information supplied in connection with this Offering Circular or the Notes should purchase the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Sole Bookrunner to subscribe for or purchase, any Notes.

The distribution of this Offering Circular and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. None of the Issuer, the Sole Bookrunner, the Trustee nor any of their respective affiliates represent that this Offering Circular may be lawfully distributed, or that the 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 Sole Bookrunner or the Trustee which is intended to permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular 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 Offering Circular or the Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. For a description of certain restrictions on offers and sales of the Notes and on distribution of this Offering Circular, see "*Subscription and Sale*".

The Notes and the Conversion Shares into which they may convert have not been and will not be registered under the Securities Act. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

The Financial Services Compensation Scheme (the "**FSCS**") established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for customers of authorised financial services firms, paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together, "**Protected Liabilities**"). The Notes will not, however, be Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the United Kingdom or any other jurisdiction.

The Notes form part of the regulatory capital of the Issuer. Banks and their holding companies are required to hold regulatory capital to absorb losses (before depositors and other senior creditors suffer losses), including during periods of financial stress. As a provider of capital to the Issuer, an investor in the Notes should be prepared to suffer losses on its investment if, in particular, the Issuer and/or the financial sector generally approaches or enters into a period of financial stress. Such losses could be manifested in a number of ways, including (without limitation) that the market price of the Notes may fall significantly, the United Kingdom authorities could take action under the Banking Act 2009 as amended from time to time (the "**Banking Act**") (or similar future legislation), or the Issuer could enter into an insolvent winding-up, with the result that investors in the Notes could lose all or substantially all of their initial investment in the Notes. Since the Notes are not protected by the FSCS, the FSCS will not pay any compensation to an investor under these, or any other, circumstances. Accordingly, an investor in the Notes may lose some, or the entire amount of, its investment in the Notes.

Prohibition on marketing and sales to retail investors

1. The Notes are complex financial instruments. They are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions (including the United Kingdom), regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Notes. Potential investors in the Notes should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Notes (or any beneficial interests therein).

2. In the UK, COBS requires, in summary, that the Notes should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "retail client") in the UK.

   The Sole Bookrunner is required to comply with COBS.

   By purchasing, or making or accepting an offer to purchase, any Notes (or a beneficial interest in such Notes) from the Issuer and/or the Sole Bookrunner each prospective investor represents, warrants, agrees with and undertakes to the Issuer and the Sole Bookrunner that:

   (i) it is not a retail client in the UK; and

   (ii) it will not sell or offer the Notes (or any beneficial interest therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Notes (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

   In selling or offering the Notes or making or approving communications relating to the Notes it may not rely on the limited exemptions set out in COBS.

3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area ("**EEA**") or the UK) relating to the promotion, offering, distribution and/or sale of

the Notes (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under the Markets in Financial Instruments Directive 2014/65/EU (as amended) ("**EU MiFID II**") or the UK FCA Handbook as to determining the appropriateness and/or suitability of an investment in the Notes (or any beneficial interests therein) for investors in any relevant jurisdiction.

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

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

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

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

Alternative Performance Measures

In addition to the financial performance measures established by International Financial Reporting Standards ("**IFRS**"), this Offering Circular contains certain financial measures that are presented for the purpose of assisting securities analysts, investors and other interested parties in understanding the Group's (as defined herein) financial performance. The relevant metrics are identified as Alternative Performance Measures ("**APMs**") for the purposes of the Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority. Such measures should not be considered as a substitute for those required by IFRS. The definition of these non-statutory measures may not be comparable to similarly titled measures reported by other companies. Investors should refer to pages 197 to 199 of the 2024 Group Financial Statements and "*Footnotes*" on pages 9 to 10 of the 2025 Group Interim Financial Statements for an explanation of the relevance of such APMs and their definitions.

In this Offering Circular, the "**Group**" refers to the Issuer and its subsidiaries and its subsidiary undertakings from time to time.

The Notes are complex financial instruments

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

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is not pounds sterling;

(iv) understand thoroughly the terms of the Notes, such as the provisions governing an Automatic Conversion (including, in particular, the circumstances under which a Trigger Event may occur) and the situations in which interest payments may or shall be cancelled and be familiar with the resolution regime applicable to the Group, including the possibility that the Notes may become subject to write-down or conversion if the resolution powers are exercised;

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and

(vi) understand the accounting, legal, regulatory and tax implications of a purchase, and the holding and disposal of an interest in the Notes or any Conversion Shares.

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

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Stabilisation

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

IMPORTANT INFORMATION – FORWARD-LOOKING STATEMENTS

Some of the statements in this Offering Circular include forward-looking statements which reflect the Issuer's current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans) relating to the business of the Issuer and the Group. These forward-looking statements relate to the Group and the sectors and industries in which the Group operate. Statements which include the words "expects", "intends", "plans", "believes", "projects", "anticipates", "estimates", "will", "targets", "aims", "may", "should", "would", "could", "continue", "budget", "schedule" and similar statements of a future or forward-looking nature identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results or industry results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in "*Risk Factors*", which should be read in conjunction with the other cautionary statements that are included in this Offering Circular.

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Offering Circular speak only as of the date of this Offering Circular, reflect the Issuer's current belief with respect to future events and are subject to risk relating to future events and other risks, uncertainties and assumptions relating to the Group's, operations, results of operations, growth strategy, capital and leverage ratios and liquidity. Investors should specifically consider the factors identified in this Offering Circular which could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Offering Circular, including the documents incorporated by reference herein, are qualified by these cautionary statements. Specific reference is made to "*Risk Factors*" and "*Business Description*" below.

Subject to any obligations under applicable law or regulation, the Issuer undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments, events or circumstances or otherwise. All subsequent written and oral forward-looking statements attributable to the Group, or individuals acting on behalf of the Group are expressly qualified in their entirety by this section.

INFORMATION INCORPORATED BY REFERENCE

This section contains a description of the information that is incorporated by reference in this Offering Circular. Certain restatements of information included in the 2023 Group Financial Statements have been made in the 2024 Group Financial Statements and investors should refer to "*Statement of accounting policies*" in the 2024 Group Financial Statements for further information on this.

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

- the auditor's review report and the unaudited consolidated reviewed interim financial statements of the Issuer in respect of the six months ended 30 June 2025 (the "**2025 Group Interim Financial Statements**") (set out on pages 21 to 47 of the 2025 half year interim results announcement of the Issuer) available at https://www.vanquis.com/wp-content/uploads/2025/08/Vanquis-Banking-Group-2025-Interim-Results-Announcement.pdf;

- the sections entitled (i) "*Group financial results*" on pages 3 to 4 and (ii) "*Footnotes*" on pages 9 to 10 of the 2025 half year interim results announcement of the Issuer available at https://www.vanquis.com/wp-content/uploads/2025/08/Vanquis-Banking-Group-2025-Interim-Results-Announcement.pdf;

- the announcement dated 11 July 2025 titled "*Vanquis Banking Group Reporting Changes*" available at https://www.vanquis.com/wp-content/uploads/2025/07/Vanquis-Banking-Group-2024-Re-presentation-Document.pdf;

- the auditor's reports and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2024 (the "**2024 Group Financial Statements**") appearing on pages 122 to 196 of the Issuer's Annual Report and Financial Statements 2024 available at https://www.vanquis.com/wp-content/uploads/2025/05/14-Mar-2025-Annual-Report-and-Accounts-2024.pdf;

- the sections entitled "*Key performance indicators*" and "*Alternative Performance Measures*" on pages 14 to 15 and 197 to 199 respectively of the Issuer's Annual Report and Financial Statements 2024 available at https://www.vanquis.com/wp-content/uploads/2025/05/14-Mar-2025-Annual-Report-and-Accounts-2024.pdf;

- the auditor's reports and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2023 (the "**2023 Group Financial Statements**") appearing on pages 116 to 188 of the Issuer's Annual Report and Financial Statements 2023 available at https://www.vanquis.com/wp-content/uploads/2025/05/Vanquis-Banking-Group-plc-Annual-Report-and-Accounts-2023.pdf;

- the Pillar 3 Disclosures of the Issuer for the financial year ended 31 December 2024 (the "**Pillar 3 Disclosures**") available at https://www.vanquis.com/wp-content/uploads/2025/05/14-03-25_Pillar-3-Disclosures-2024.pdf; and

- the Pillar 3 Disclosures of the Issuer for the six months ended 30 June 2025 (the "**2025 Interim Pillar 3 Disclosures**") available at https://www.vanquis.com/wp-content/uploads/2025/08/JUN25_VANQ_Pillar-3-disclosures_SemiAnnual.pdf.

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

Copies of the documents listed above may be obtained (without charge) during usual business hours at the registered office of the Issuer and will also be available to view (free of charge) on the website of the Issuer (www.vanquisbankinggroup.com).

Those parts of the documents specified above which are not specifically incorporated by reference in this Offering Circular should not form part of this Offering Circular and are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Offering Circular.

OVERVIEW

This overview must be read as an introduction to this Offering Circular and any decision to invest in the Notes should be based on a consideration of this Offering Circular as a whole, including the information incorporated by reference herein.

*This overview refers to certain provisions of the Terms and Conditions of the Notes (the "**Conditions**") and is qualified by the more detailed information contained elsewhere in this Offering Circular. Words and expressions defined in the Conditions or elsewhere in this Offering Circular have the same meanings in this overview.*

Investing in the Notes involves significant risk. For a discussion of certain risks that should be considered in connection with an investment in the Notes, see "Risk Factors" beginning on page 17 of this Offering Circular.

Issuer:	Vanquis Banking Group plc
Sole Bookrunner:	Morgan Stanley & Co. International plc
Trustee:	M&G Trustee Company Limited
Registrar and Transfer Agent:	The Bank of New York Mellon SA/NV, Dublin Branch
Principal Paying Agent and Agent Bank:	The Bank of New York Mellon, London Branch
Notes:	£60,000,000 10.875 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes
Issue Price:	100.000 per cent. of the principal amount of the Notes
Issue Date:	1 October 2025
Use of Proceeds:	The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group including the financing of the repurchase of certain of the Issuer's outstanding £200,000,000 Fixed Rate Reset Subordinated Tier 2 Notes due 2032 (ISIN: XS2397348801) (the "**Existing Notes**"). On 23 September 2025, the Issuer announced an invitation to holders of its Existing Notes to tender their Existing Notes (up to a maximum acceptance amount) for purchase by the Issuer for cash. The offering of the Notes is not conditional on any minimum amount of the Existing Notes being repurchased pursuant to such tender offer.
Status of the Notes:	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. In the event of a Winding Up or Qualifying Procedure, the rights and claims of the Holders in respect of or arising from the Notes (including any damages (if payable)) will be subordinated to the claims of Senior Creditors. Pursuant to the Insolvency Act, the Notes will constitute tertiary non-preferential debts of the Issuer and therefore both ordinary non-preferential debts and secondary non-preferential debts will rank in priority to the Notes. The terms "ordinary non-preferential debt", "secondary-non preferential debt" and "tertiary non-preferential debt" shall have the meanings given to each of them in the Insolvency Act.
Solvency Condition:	Except in a Winding Up or Qualifying Procedure and subject to the right or obligation of the Issuer to cancel payments under the Conditions and the provisions on Automatic Conversion, all payments in respect of or

arising from (including any damages awarded for breach of any obligation under) the Notes will be conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Notes (and any such payments will be deemed cancelled) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

The Issuer shall be considered to be solvent at a particular time if (x) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (y) the Balance Sheet Condition has been met.

The "**Balance Sheet Condition**" shall be satisfied in relation to the Issuer if the value of its assets is at least equal to the value of its liabilities (taking into account its contingent and prospective liabilities), according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is "unable to pay its debts" under section 123(2) of the Insolvency Act or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised).

Ranking on a Winding Up or Qualifying Procedure:

If a Winding Up or Qualifying Procedure of the Issuer occurs prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer, but subject as provided in the Conditions), such amount, if any, as would have been payable to the Holder if, on the day prior to the commencement of the Winding Up or Qualifying Procedure and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") ranking *pari passu* as to a return of assets on a Winding Up or Qualifying Procedure with holders of Parity Securities and the holders of the most senior class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in the Winding Up or Qualifying Procedure over, and so rank ahead of, all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding Up or Qualifying Procedure was an amount equal to the principal amount of the relevant Note and any Accrued Interest (provided not otherwise cancelled in accordance with the Conditions) and any damages awarded for breach of any obligations in respect of such Note (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a Winding Up).

If a Winding Up or Qualifying Procedure occurs on or after the date on which a Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such Winding Up or Qualifying Procedure, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such Winding Up or Qualifying Procedure.

"**Senior Creditors**" means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated (whether only in the event of a winding-up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; (c) who are creditors in respect

of any secondary non-preferential debts; or (d) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders in a winding-up occurring prior to the Trigger Event.

No set-off: Subject to applicable law, no Holder may exercise or claim or plead any right of set-off, compensation, retention or netting in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes or the Trust Deed and each Holder will, by virtue of their holding of any Note, be deemed, to the fullest extent permitted by applicable law, to have waived all such rights of set-off, compensation, retention or netting.

Interest: The Notes shall bear interest on their outstanding principal amount from (and including) the Issue Date to (but excluding) the First Reset Date at a rate of 10.875 per cent. per annum. From (and including) each Reset Date to (but excluding) the next following Reset Date, the Notes will bear interest at a rate which is the aggregate of the margin of 7.344 per cent. and the Mid-Market Swap Rate in respect of the relevant Reset Period, converted to a semi-annual rate in accordance with market convention as instructed by the Issuer (rounded to three decimal places, with 0.0005 rounded down), as determined by the Agent Bank on the date falling two Business Days prior to the Reset Date on which such Reset Period commences. Subject to the Conditions, interest, if any, shall be payable semi-annually in arrear on 1 May and 1 November of each year, except that the first date on which interest may be paid will be 1 November 2025 in respect of the period beginning on (and including) the Issue Date and ending on (but excluding) 1 November 2025.

Discretionary cancellation of interest: The Issuer may at all times and for any reason elect at its full and absolute discretion to cancel (in whole or in part) the Interest Amount that would otherwise be payable on any Interest Payment Date. See "*Non-payment of interest sufficient evidence of cancellation*", "*Notice of interest cancellation*" and "*Effect of interest cancellation*" below.

Mandatory cancellation of interest: The Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that:

(a) such Interest Amount (or part thereof), when aggregated together with (i) all distributions or interest payments which have been made or declared by the Issuer since the end of the last financial year or which are required to be paid or made during the then current financial year on or in respect of any Parity Securities, the Notes and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled) on such Interest Payment Date (x) on the Notes and (y) on or in respect of any Parity Securities or any Junior Securities (without double counting and excluding any such distributions or interest payments which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date;

(b) to the extent required to do so under the then prevailing Capital Regulations, such Interest Amount (or part thereof) would cause, when aggregated together with other distributions of the kind referred to in Rule 4.3(2) of chapter 4 of the "*CRR Firms*

– *Capital Buffers*" part of the PRA Rulebook ("**Chapter 4**") (or any succeeding or analogous rules amending or replacing such rule), the Maximum Distributable Amount (if any) then applicable to the Regulatory Group to be exceeded.

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Regulatory Group required to be calculated in accordance with Chapter 4 (or any succeeding or analogous Capital Regulations amending or replacing such chapter);

(c) the PRA orders the Issuer to cancel such payment; or

(d) the Solvency Condition is not satisfied in respect of such Interest Amount (or part thereof).

Non-payment of interest sufficient evidence of cancellation: If the Issuer does not pay an Interest Amount (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such Interest Amount in accordance with the Conditions, and accordingly such Interest Amount shall not in any such case be due and payable.

Notice of interest cancellation: The Issuer shall provide notice of any cancellation of an Interest Amount (or part thereof) to the Holders, the Trustee and the Agents as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five Business Days prior to the relevant Interest Payment Date. Any delay in giving or failure to provide such notice shall not affect the cancellation of any Interest Amount (or any part thereof) by the Issuer and shall not constitute a default for any purpose.

Effect of interest cancellation: The non-payment or cancellation of any Interest Amount (or any part thereof) in accordance with the Conditions shall not constitute a default for any purpose on the part of the Issuer. For the avoidance of doubt, interest payments are non-cumulative and Holders shall have no right to any cancelled (or unpaid) Interest Amount or to receive any additional interest or compensation as a result of such cancellation or non-payment, whether under the Notes or the Trust Deed, on a Winding Up, Qualifying Procedure or otherwise. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due and the cancellation of any Interest Amount (or part thereof) will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

Perpetual Notes: The Notes will be perpetual notes and have no fixed maturity or fixed redemption date, and the Holders will have no right to require the Issuer to redeem or purchase the Notes at any time.

Optional Redemption: Subject to the Issuer obtaining PRA Permission (and such PRA Permission not having been revoked by the relevant date of such redemption) and compliance with the Regulatory Preconditions, the Notes may be redeemed at the option of the Issuer on (i) any date from (and including) 1 November 2030 to (and including) the First Reset Date and (ii) any date from (and including) the date falling six months prior to any subsequent Reset Date to (and including) such Reset Date, in each case, in whole but not in part, at an amount equal to their principal amount together with any Accrued Interest.

Tax Redemption: Subject to the Issuer obtaining PRA Permission (and such PRA Permission not having been revoked by the relevant date of such redemption) and compliance with the Regulatory Preconditions, if at

	any time a Tax Event occurs, the Issuer may redeem the Notes in whole, but not in part, at any time at an amount equal to their principal amount, together with any Accrued Interest, as more fully provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*).
Capital Disqualification Event Redemption:	Subject to the Issuer obtaining PRA Permission (and such PRA Permission not having been revoked by the relevant date of such redemption) and compliance with the Regulatory Preconditions, if at any time a Capital Disqualification Event occurs, the Issuer may redeem the Notes in whole, but not in part, at an amount equal to their principal amount together with any Accrued Interest, as more fully provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*).
Clean-up Call:	Subject to the Issuer obtaining PRA Permission (and such PRA Permission not having been revoked by the relevant date of such redemption) and compliance with the Regulatory Preconditions, if at any time the outstanding aggregate principal amount of the Notes is equal to or less than the Clean-up Call Threshold, the Issuer may redeem the Notes in whole, but not in part, at an amount equal to their principal amount together with any Accrued Interest, as more fully provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*).
Notice of Redemption:	Any redemption of the Notes shall be subject to the Issuer providing not less than 15 days' nor more than 30 days' prior notice to the Holders, the Trustee and the Agents (which notice shall, except in the limited circumstances described in the following paragraph, be irrevocable). The Issuer shall not be entitled to deliver a notice of redemption after an Automatic Conversion Notice has been delivered. If the Issuer has elected to redeem the Notes but (i) prior to the redemption a Trigger Event occurs or (ii) the Solvency Condition is not satisfied in respect of the relevant payment on the date fixed for redemption, then the relevant redemption notice shall be of no force and effect and no payment of the redemption amount will be due and payable. In the case of (i), the Automatic Conversion shall occur as described below under "*Automatic Conversion on a Trigger Event*". In the case of (ii), the Issuer shall give notice thereof to the Holders, the Trustee and the Agents as soon as practicable. Any delay in giving, or failure to provide, such notice shall not have any impact on the effectiveness of, or otherwise invalidate, any such rescission.
Purchases:	The Issuer or any of its Subsidiaries may, at its option but subject to PRA Permission (and such PRA Permission not having been revoked by the relevant date of such purchase) and compliance with the Regulatory Preconditions, purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Capital Regulations.
Substitution and Variation:	If at any time a Capital Disqualification Event or a Tax Event occurs, the Issuer may, subject to Condition 8(h) (*Redemption and Purchase; Substitution and Variation – Conditions to redemption, purchase, substitution and variation*) and having given not less than 15 nor more than 30 days' notice to the Trustee, the Agents and the Holders, but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the terms of the Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Notes, as more fully provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*).

Trigger Event:	A "**Trigger Event**" shall occur if the Common Equity Tier 1 Capital Ratio of the Regulatory Group falls below 7.00 per cent.
Conversion Price:	The Conversion Price of the Notes will be £0.765 per Conversion Share, subject to adjustment in accordance with certain anti-dilution adjustments.
Automatic Conversion on a Trigger Event:	If a Trigger Event occurs at any time, then an Automatic Conversion will occur on the Conversion Date, at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released by the Holders in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient in accordance with the terms of the Notes) on the Conversion Date at the Conversion Price. Under no circumstances shall such released obligations be reinstated. The Automatic Conversion shall occur without delay upon the occurrence of a Trigger Event and by no later than one month following such Trigger Event (or such shorter period as the PRA may then require). Whether a Trigger Event has occurred shall be determined by the Issuer or the PRA and such determination shall be binding on Holders. The Issuer shall immediately notify the PRA of the occurrence of the Trigger Event and shall deliver an Automatic Conversion Notice to the Holders, the Trustee and the Agents without delay after such time. The Notes will not be convertible into Conversion Shares at the option of the Holders at any time.
Consequences of Automatic Conversion:	Following an Automatic Conversion, no Holder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which liabilities of the Issuer shall be irrevocably and automatically released and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter. Any Interest Amount in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Conversion Date shall be deemed to have been automatically and irrevocably cancelled upon the occurrence of such Trigger Event and shall not be due and payable. Following the issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as applicable) on the Conversion Date, the Notes shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the Holder's right to receive Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under "*Conversion Shares Offer*" below, Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary (or such other relevant recipient). The Issuer currently expects that beneficial interests in the Notes will be transferable until the Suspension Date and that any trades in the Notes would clear and settle through the Clearing Systems until such date. However, there is no guarantee that an active trading market will exist for the Notes following the Automatic Conversion. The Notes may cease to be admitted to listing on the ISM before or after the Suspension Date. **Provided that** the Issuer issues and delivers the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as

contemplated above) in accordance with the Conditions, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depositary (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or of any Conversion Shares Offer Consideration to which such Holders are entitled.

Conversion Shares:

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depositary (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient in accordance with the Conditions, and each Holder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Notes to the Conversion Shares Depositary (or to such other relevant recipient).

The number of Conversion Shares to be issued to the Conversion Shares Depositary on the Conversion Date shall be determined by the Issuer by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

The number of Conversion Shares to be held by the Conversion Shares Depositary for the benefit of each Holder shall be the number of Conversion Shares thus calculated multiplied by a fraction equal to the aggregate amount of the Authorised Denomination of the Notes held by such Holder divided by the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date, rounded down, if necessary, to the nearest whole number of Conversion Shares.

Conversion Shares Offer:

No later than 10 Business Days following the Conversion Date, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depositary make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Price, subject as provided in Condition 9 (*Automatic Conversion – Conversion Share Offer*) (the "**Conversion Shares Offer**"). The Issuer may, on behalf of the Conversion Shares Depositary, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer. The Issuer will deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders within 10 Business Days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than 40 Business Days after the giving by the Issuer of the Conversion Shares Offer Notice.

The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three Business Days' notice to the Trustee directly and to the Holders, and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to Holders the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.

	Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depositary will provide notice to the Trustee and the Holders of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount. Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable.
Settlement Procedures:	The Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will be delivered to Holders pursuant to Condition 9(e) (*Automatic Conversion – Settlement Procedure*).
Defaults and Enforcement:	The remedies under the Notes will be more limited than those typically available to unsubordinated creditors. The sole remedy against the Issuer available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Notes will be, subject to certain conditions, for the Trustee to institute proceedings for the winding-up of the Issuer in England (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) and/or to prove in any Winding Up or Qualifying Procedure, but may take no other action in respect of such default. The Notes will only be capable of being accelerated if a Winding Up Event occurs before the occurrence of a Trigger Event. The exercise of the UK Bail-in Power with respect to the Issuer and/or the Notes shall not give rise to any acceleration rights under the Notes.
Taxation:	All payments in respect of the Notes by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any Taxes imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such Taxes is required by law. In that event the Issuer shall pay such additional amounts in respect of any interest on the Notes but not, for the avoidance of doubt, in respect of the payment of any principal in respect of the Notes, as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions as described in Condition 11 (*Taxation*).
Substitution of the Issuer:	The Trustee may, without the consent of the Holders but subject to PRA Permission (and such PRA Permission not having been revoked by the relevant date of such substitution) and other conditions set out in Condition 16 (*Meetings of Holders, Modification, Waivers and Substitution – Substitution of the Issuer*), agree with the Issuer the substitution in place of the Issuer (or of any previous substitute) as principal debtor under the Notes of any Subsidiary of the Issuer.
Governing Law:	The Notes, the Trust Deed and the Agency Agreement, and any non-contractual obligations arising out of or in connection with them will be governed by English law.
Agreement with respect to the exercise of the UK Bail-in Power:	Applicable. See Condition 21 (*Recognition of UK Bail-in Power*) for further detail.

Form and Denomination:	The Notes will be issued in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Notes will be represented by a Global Certificate registered in the name of a nominee for, and deposited with, the common depositary for Euroclear and Clearstream, Luxembourg (together, the "**Clearing Systems**"). Individual Certificates in definitive form evidencing holdings of Notes will only be available in certain limited circumstances – see "*Summary of Provisions relating to the Notes in Global Form*".
Clearing Systems:	Euroclear and Clearstream, Luxembourg
ISIN:	XS3192214339
Common Code:	319221433
Listing and Trading:	Application has been made for the Notes to be admitted to trading on the ISM. The Notes may cease to be admitted to trading on the ISM before or after the Suspension Date.
Issuer Legal Entity Identifier (LEI):	213800U93SZC44VXN635
Rating:	The Notes are unrated as of the date of this Offering Circular.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the EEA, Switzerland, Singapore, Japan, the United Kingdom and the United States. In addition, the Notes are not intended to be offered or sold and should not be offered or sold to any investor in the Republic of Italy. See the section herein entitled "*Subscription and Sale*".

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should consider carefully risk factors associated with any investment in the Notes, the business of the Group and the industry(ies) in which it operates together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Offering Circular have the same meanings in this section.

Prospective investors should note that the risks relating to the Group, the macro-economic environment in which it operates and the Notes are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider among other things, the additional risks and uncertainties described below.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating *to the Group that are not currently known to the Issuer or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Group and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Offering Circular and their personal circumstances.*

RISKS RELATING TO THE GROUP AND ITS BUSINESS

Risks related to Macro-economic Conditions

Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations

As the Group derives all of its revenues from customers based or resident in the UK, it is directly and indirectly subject to the inherent risks arising from the general economic conditions of the UK economy, as well as other major economies that impact it.

Due to numerous macro-economic factors (including the war in Ukraine and the recovery from the Covid-19 pandemic), the cost of living in the UK has increased materially in recent years. Thus, disposable income among the UK population has been, on the whole, falling. Furthermore, the impact of inflation is typically higher amongst less affluent adults in the UK as a greater proportion of their spending is required for essentials (for example, food and energy), the prices of which have recently been rising faster than the general inflation rate. Thus, these adults typically do not have the capacity to reduce their expenses due to the vast proportion of their expenditure being on essentials. The Bank of England responded to inflation levels by increasing the base rate multiple times since December 2021, which impacted consumers on mortgages and also impacted those renting (due to landlords typically passing on rate increases). Although the headline rate of inflation has fallen in recent months and the Bank of England in August 2024 began cutting the base rate, the path of the Bank of England's base rate is uncertain, as is the impact that changes to date (or any future increases) could have on economic conditions. The impact on consumers of materially higher nominal prices will undoubtedly take time to unwind. The Group is exposed to the effects of prevailing levels of unemployment, inflation, consumers' disposable incomes and interest rates.

Although the UK economy begun returning to growth in 2024, the measures taken by the current and previous governments have not yet resulted in consistent economic growth. The condition of the UK economy could impact the Group's operations in a number of ways: (i) volatility in the markets in which it operates causing potential reduction in new business lending volumes and balances growth; (ii) the financial health of consumers, and the operations of the Group's counterparties, could be affected and as a result they may default on their obligations due to the Group (such as repayments); (iii) the Group's operations and ability to conduct its business could be affected or may not operate in the ways the Group anticipates; (iv) there may be a reduction in the Group's capital due to impaired business performance and absorption of losses; (v) there may be increased use of available headroom by credit card users; (vi) there may be increased forbearance and payment holidays supported by regulatory guidance for vulnerable customers or

those in financial difficulty where necessary; (vii) there may be increased impairments due to customer defaults and associated IFRS 9 provisions; and (viii) the Group's access to funding and liquidity may be affected, which will have a negative impact on the Group's liquidity and cashflow.

In the event of a material macro-economic downturn, the Group may also not be able to continue to provide its products to customers in the near-prime and mid-cost finance sector in line with its agreed business strategy and budgeted business plans. Such events could lead to increasing loan delinquencies, customer bankruptcies, charge-offs and provisions for losses. If inflation and/or interest rates in the UK were to rise further, the amount of disposable income available for customers to repay their overall borrowing obligations could decrease. Total collections may be reduced or the timing of receipt of payments may be extended as a result of these measures, any of which could materially and adversely affect the Group's business and financial condition, including its regulatory capital, liquidity, results of operations, cash flows and prospects.

Risks associated with climate change have the potential to impact the Group

The Group recognises that the growth and sustainability of its business depends on the resilience of its operations, supply chains, and the communities where its customers and colleagues live and work. As such, the Group aims to minimise its environmental impact and work with others to take action on the issues of climate change.

The Group aims to ensure that relevant climate-related risks are integrated into its business strategy and decision making in areas such as operational resilience, customer service, supply chain management, and, where appropriate, capital allocation. In order to deliver on this strategy, the Group has adopted an approach which involves identifying the climate-related risk factors and opportunities that have potential to impact its business activities over the following time horizons. These time horizons are consistent with other risks that the Group manages; however, it is acknowledged that the time horizon over which climate-related risks will manifest themselves may be a significantly longer time horizon than the Group experiences with other risk types;

- Short term: Zero to one year – Accounts for any climate-related risks and opportunities that are deemed material to the Group's annual reporting cycle and associated operational activities.

- Medium term: One to five years – Accounts for the financial and operational planning used, as well as the goal date for the science-based targets that were set in January 2024.

- Long term: Five or more years – Takes account of where the transition to net zero is progressing or failing, and whether exposure to any physical risk is being adequately priced in.

In doing this, the Group considers the climate-related risks and opportunities in the context of the resilience of its strategy to provide products and services to its customers, as well as those that relate to its operations and infrastructure.

The following two major risk categories continue to be used: physical risks (which include acute, extreme weather events, and chronic, long-term climate shifts in the UK), and transition risks (which relate to regulatory changes, technological innovations and customer demand changes that may occur while transitioning to a low-carbon economy). Further details on the descriptions and the business impacts of these risks over the short, medium and long term are set out below:

- Physical (acute) – Specific weather-related events (e.g. heavy rain, high winds or periods of drought) could result in flooding, storms or wildfires which could have an impact on infrastructure, causing damage to buildings and other assets, leading to wide-scale disruption to service delivery. The successful delivery of the Group's strategy is dependent on the protection of its colleagues, customers, and business infrastructure and processes.

- Physical (chronic) – Chronic climate-related events, such as rising sea levels, coastal changes and higher average temperatures and rainfall, could impact regions and infrastructure that are material to the company's facilities/business premises, as well as the operations of the organisations in its direct and indirect supply chains. Such physical risks could lead to indirect economic and social impacts through supply chain disruptions, subsequent impacts from infrastructure damage (e.g. in

relation to transport, communication and manufacturing processes) or market shifts (such as increases in insurance premiums).

- Transition (policy/legal) – New or additional climate-related laws, regulations or contractual commitments (e.g. those that apply to energy usage, business travel or greenhouse gas emissions) may result in increased compliance costs, taxes on emissions, penalties or restrictions that relate to the Group's business models and its stakeholders.

- Transition (reputation) – The Group's customers, colleagues, investors, regulators and other stakeholders expect it to take appropriate measures to reduce its contribution to climate change. The Group's brand is essential to the growth and success of its business. Damage to the Group's reputation as a result of poor environmental performance, including the failure to meet any climate related commitments or regulatory expectations, could result in negative media attention and may impact customer or investor demand or result in a loss of existing talent or the inability to attract new talent.

To identify the actual and potential impacts of climate-related risks and opportunities on its business, strategy and financial planning the Group undertook a scenario analysis during 2024. This analysis made use of the Group's financial forecasts, operational footprint, customer data, supply chain information and environmental data, to create a representation of the Group. To support this, three climate scenarios developed by the Network for Greening the Financial System (NGFS) set out below were used to support the assessment of the risks identified above, which categorise climate scenarios into three transition types, which provide a plausible representation of future climate based on potential trajectories of future levels of greenhouse gas emissions: Orderly, Disorderly, and Hot House World.

Any or all of the above may have an adverse effect on the business of the Group and may impact the ability of the Issuer to make payments in respect of the Notes.

Disruptions and volatility in the global financial markets may adversely impact the Group's access to funding

The Group is affected by global economic and macro-economic conditions. Challenging market conditions, particularly impacts from the recent tariffs imposed by the United States and other governments, have resulted not just in greater volatility in financial markets but also reduced liquidity, wider credit spreads and a lack of price transparency in credit markets, which creates a challenging operating environment for financial institutions, including the Group. Global markets and economic conditions have been negatively impacted for several years by various factors, including such volatility in the financial markets.

Numerous macro-economic factors (including the war in Ukraine) have historically had a significant impact on the cost of living in the UK, particularly increased commodities and energy prices, inflation and economic volatility (as further described in the risk factor titled "*Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations*" above). In 2024, the UK economy began returning to growth with inflation falling to below the government target of 2 per cent., resulting in the Bank of England reducing interest rates. Despite recent progress, inflation remains above the 2 per cent. target with moderate growth in gross domestic product and signs of softening in the UK labour market, reducing the likelihood of further rate reductions as expected by the markets in early 2025. The precise nature of all the risks and uncertainties that the Group faces as a result of the global economic outlook cannot be identified and many of these risks are outside of the Group's control. No assurance can be given as to future economic conditions in any market or as to the sustainability of the improvement in any market. Internal controls are in place to monitor the external macro-economic factors on a regular basis including potential impact to the Group's overall funding and liquidity position.

Any unforeseen turbulence in credit or other markets could have a material adverse effect on the Group's access to the capital markets and may increase the Group's funding costs. Despite interest rates trending downwards in 2025, any rise in interest rates in the UK due to a change in the economic environment or other factors beyond the Group's control may also increase the Group's financing costs. The exact nature of these risks faced by the Group are difficult to predict and guard against. Taken in isolation or together, the above changes in the macro-economic conditions may have a material adverse effect on the Group's operating results, liquidity, financial condition and prospects and may impact the ability of the Issuer to make payments in respect of the Notes.

Risks relating to the Business of the Group

As a lending business, the Group is exposed to credit risk, which is the risk that the Group will suffer unexpected losses in the event of customer defaults. Customer defaults in the non-standard credit market are typically higher than in more mainstream markets.

(i) ***Vanquis Bank***

Customers of Vanquis Bank (as defined in the section "*Business Description – Introduction*" below) are typically in full-time employment on low to moderate incomes with a limited credit history or lower than average credit scores. Rising unemployment, an increase in interest rates, inflationary pressures on household bills or a deterioration in the UK economy could adversely affect customers' ability to repay amounts due and lead to higher-than-expected default rates and hence impairment charges. Despite the credit risk management measures taken by Vanquis Bank (see "*Business Description – Vanquis Bank – Risk management*"), other factors including impairments stemming from customers in persistent debt (additionally, see the risks set out in "*The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK*" below) could give rise to increased customer defaults which may have a material adverse impact on Vanquis Bank's operating results, financial condition and prospects. Given Vanquis Bank is a wholly owned subsidiary within the Group, customer defaults in Vanquis Bank could impact the ability of the Issuer to receive dividends from Vanquis Bank, or negatively impact any other exposures the Issuer may have to Vanquis Bank from time to time, which in turn may impact the ability of the Issuer to make payments in respect of the Notes.

(ii) ***Moneybarn***

Customers of Moneybarn (as defined in the section "*Business Description – Introduction*" below) are typically either in full-time employment or self-employed, with incomes around the national average (the national average as of the date of this Offering Circular being around £25,000 to £35,000 per annum). They typically rent and have a limited credit history or lower than average credit scores. For a Moneybarn customer, the monthly repayment is one of their largest monthly expenses and therefore rising unemployment, inflationary pressures on household bills or a deterioration in the UK economy could adversely affect their ability to repay, leading to higher-than-expected default rates and hence impairment charges.

Despite the credit risk management measures taken by Moneybarn (see "*Business Description – Moneybarn – Risk management*"), customer defaults and the amounts recovered from the sale of any recovered vehicles may have a material adverse impact on Moneybarn's operating results, financial condition and prospects and may impact the ability of the Issuer to make payments in respect of the Notes.

(iii) ***Counterparty credit risk***

Counterparty credit risk arises as a result of cash deposits placed with clearing banks and central government (including funds held at the Bank of England) and the use of derivative financial instruments with banks and other financial institutions which are used to hedge interest rate risk and foreign exchange rate risk. The Group is also expanding its exposure to second-charge mortgages via forward flow agreements with certain originators (see "*Business Description – Business Overview – Vanquis Bank – Second charge mortgages*"). Credit risk is a primary concern due to the nature of second-charge mortgages. While these loans are secured against property, higher loan-to-value ("**LTV**") ratios increase the potential for impairments, especially in adverse macroeconomic conditions such as falling property values or rising unemployment. Vanquis Bank has implemented mitigating controls, including strict loan eligibility criteria, provisions for reviewing performance, and holding a credit loss provision of 0.1 per cent. Conduct risk remains with originators under FCA regulation, but Vanquis Bank faces indirect exposure to potential breaches, which could affect financial returns. Prepayment risk is also present, as early repayments may reduce cash flows; however, early repayment charges ("**ERCs**") help mitigate this impact. Lastly, property valuation risk could lead to higher losses if property prices decline, especially since second-charge mortgages are subordinate to first-charge loans. To manage this, Vanquis Bank monitors economic indicators and conducts stress tests.

In addition, the Prudential Regulation Authority (the "**PRA**") has provided Vanquis Bank with a "Core UK Group waiver" ("**CUG**"), effectively removing the large exposure constraint on intra-group lending by Vanquis Bank to Moneybarn (see "*Capital and Liquidity Risk relating to the Group - The risk that the*

Group has insufficient liquidity to meet its obligations as they fall due, and/or is unable to maintain sufficient funding for its future needs"). In support of the waiver, and to support intercompany lending, a Capital Support Agreement ("**CSA**") has been granted by Moneybarn in favour of Vanquis Bank. The CSA would, in circumstances where Vanquis Bank is failing to meet its solo capital requirements, require Moneybarn to contribute any excess capital, or liquidity, it holds to Vanquis Bank.

In relation to such transactions there is a risk that such counterparties could fail and default on their obligations under these transactions to the detriment of the Group.

Counterparty credit risk is managed by the Group's Treasury function and is governed by a counterparty credit-risk policy approved by the Assets and Liabilities Committee ("**ALCo**") of the Issuer which ensures that the Group's cash deposits and derivative financial instruments are only made with high quality counterparties with the level of permitted exposure to a counterparty firmly linked to the strength of its credit rating. In addition, there is a maximum exposure limit for all institutions, regardless of their respective credit ratings. This is linked to the Group's regulatory capital base and is in line with the Group's regulatory reporting requirements on large exposures to the PRA.

Despite the Group's credit risk management procedures, there can be no assurance that the Group's financial performance and liquidity would not be adversely affected should any bank counterparty fail in the future and this may impact the ability of the Issuer to make payments in respect of the Notes.

Vanquis Bank, as a PRA regulated entity on an individual basis, is subject to the regulatory large exposures limit under Article 395(1) of the Regulation (EU) No. 575/2013 on prudential requirements for credit institutions and investment firms as amended before IP completion day (including as amended by Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019), as it forms part of domestic law of the United Kingdom by virtue of the EUWA and as further amended or replaced in accordance with domestic law from time to time ("**UK CRR**") such that it cannot have exposure to a single counterparty or a group of connected counterparties in excess of 25 per cent. of its eligible capital. Intercompany lending is managed by the Intra Group Funding and Lending Framework which is approved by the Group's ALCo.

Lending by Vanquis Bank to Moneybarn is subject to an annual credit risk assessment which assesses the financial health of Moneybarn and its ability to generate cash flows, to ensure they are sufficient to service the loan(s) according to the loan terms. The annual credit risk assessment is a detailed point in time assessment, utilising information from Moneybarn's reports and accounts and annual budget. Regular re-assessment of the financial health of Moneybarn is performed through monitoring key performance indicators. The key performance indicators allow Vanquis Bank to identify if lending continues to be within risk appetite, before committing to additional lending. The inability for Moneybarn to service the loans may in turn impact the ability of the Issuer to make payments in respect of the Notes.

The Group could be subject to reputational harm that could damage its brands or have a broader negative impact on the consumer credit market

The Group's brands and legal entities, including Vanquis Bank and Moneybarn, could be susceptible to significant reputational damage, which could arise from failing to address, or appearing to fail to address, a variety of issues, such as but not limited to:

- poor customer service or conduct outcomes;
- technology failures;
- breaches of data security;
- breaches of, or allegations of having breached, legal and regulatory requirements;
- committing, or allegations of having committed, or being associated with those who have or are accused of committing, unethical practices, including with regard to sales, trading practices or conflicts of interest;
- the failure of intermediaries, brokers and other third parties on whom the Group relies, such as clearing banks, third-party service providers or partners, to provide necessary services; and

- poor business performance.

The inability to manage reputational risks relating to the Group's brands or legal entities for any reason could have a material adverse effect on the Group's business, financial condition, results of operations or prospects, which may impact the ability of the Issuer to make payments in respect of the Notes.

The markets in which the Group operate are highly competitive and subject to rapid change

The markets for the Group's products and services are highly specialised, competitive and in a state of ongoing change in response to consumer demand, technological innovations, changing legislation, regulation and other factors. Some of the Group's principal competitors have substantial financial resources, established brands, technological expertise and market experience that may better position them to anticipate and respond to competitive changes. Competitor activity could lead to pressure on certain Group products and services, potentially reducing profit margins and cash flows.

Competition has increased in non-standard credit cards with several new entrants and an increased range of product propositions from established providers.

Similarly, in respect of Moneybarn, competition has increased in recent years with some competitors offering increased commissions to introducers, and some introducers expanding into lending. Although the used car finance market has shown strong growth over recent years following dramatic falls in supply after the 2008 financial crisis, there is a risk of new specialist entrants and re-entry by mainstream car finance companies. Moneybarn is reliant on a network of specialist intermediaries including motor dealers, traditional motor finance brokers and internet introducers to distribute its products. These intermediaries are authorised and regulated by the FCA as credit brokers. Moneybarn has limited direct oversight of intermediaries' interactions with prospective customers, with the direct customer relationship being established at the point of lending. Should intermediaries violate applicable regulations or standards when selling Moneybarn's products, the Group's reputation could be harmed, and potential remediation requirements could arise. In addition, development of new products and delivery of good service levels to intermediaries are essential to attract and maintain long-term relationships. The loss or deterioration of Moneybarn's relationships with its intermediaries could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

The Group cannot predict with certainty the changes that may occur and the effect of those changes on the competitiveness of its business activities. The competitive environment in which the Group operates will require the Group to continually invest, enhance and adapt its products and services including new technology to better serve the needs of its existing customers and to attract new customers. If the Group is unable to successfully adapt and/or develop its products in a timely fashion or to successfully respond to competitor offerings, it could have a material adverse effect on the business, results of operations, financial condition and prospects of the Group.

The Group may not be able to successfully implement a new product strategy or model and may be adversely affected by the failure to manage change

The Group may seek to introduce new product groups, pricing and credit assessment analysis methods and uses of data in order to: (i) retain existing customers whose needs have evolved; (ii) attract new customers for whom the existing product offering or methods of acquisition are unattractive or ineffective; and/or (iii) develop more competitive pricing and sophisticated underwriting processes. The new businesses and products may not be able to attain the forecast returns and the Group may make errors of judgement in the conception, planning and/or implementation of these strategies and methods which may materially and adversely affect its results of operations and financial condition.

In order to successfully implement its strategy, the Group has established certain procedures in order to manage changes that may be required to the Group's existing business and operations. These include new product governance, system pilots, change risk management frameworks, monitoring programmes, prioritisation methodologies, audits, contingency and business continuity plans and regular progress reporting. Despite these controls, however, a new project, system, product or model may fail to deliver the business benefits required to implement the Group's business model and/or growth strategy. This could include (but is not limited to) insufficient market research, non-compliance with policies, technology failure, unexpected changes in external conditions including the regulatory environment and/or resource constraints.

Failure to deliver on the Group's change programme could have a material adverse effect on its business, results of operations and financial condition.

The Group's business is subject to concentration risk

There is a concentration risk arising from the lack of diversification in the Group's business either geographically, demographically or by product.

As a result of its clear non-standard specialist lending strategy, the Group's operations are concentrated solely in the UK and in the non-standard consumer credit market. The Group's product offering primarily consists of Vanquis Bank credit cards and unsecured personal loans, and secured car loans through Moneybarn. However, the Group's customer base is well diversified throughout the UK and is not concentrated in a particular region.

There can be no assurance that the Group's financial performance will not be adversely affected should unforeseen events, relating to concentration risk from operating solely in the UK and within one customer segment (being the non-standard consumer credit market), arise in the future which would impact the ability of the Issuer to make payments in respect of the Notes.

There are risks related to the Group's reliance on third-party suppliers

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

The Group relies on the continued availability and reliability of these service providers. If the Group's contractual arrangements with any of these providers are terminated for any reason, or a third-party service provider becomes otherwise unavailable or unreliable in providing the service to the required standard, the Group may need to identify and implement alternative arrangements. Although the Group would likely be able to find an alternative third-party provider or supplier for the services on equivalent terms, it may not be able to do so on a timely basis and in doing so may incur additional costs which could cause operational disruption and/or have a material financial or reputational impact on the Group.

In addition, the Group relies on certain suppliers to provide important technology and operational services including new customer acquisition and collections, and this includes outsourcing to countries outside the UK. For example, the Group has outsourced a significant proportion of its collections, customer servicing and onboarding work to three suppliers operating in South Africa. More complicated work has remained in-house, such as calls for vulnerable customers, but all the standard collections, servicing and onboarding work is carried out by these three providers in South Africa. The ability of these suppliers to carry out the work may be impacted by regional events in South Africa, such as electricity shortages or strikes by taxi providers in Cape Town. Any issues with suppliers or the country they operate in could have a significant impact on the quality of the service provided by them leading to reputational damage, regulatory breaches and/or poor outcomes for the Group's customers.

Furthermore, the Group sources some of its new customers from third-party introducer and aggregator channels including brokers and distribution partners. Several of these third parties provide a significant amount of new customers to the divisions on a monthly/annual basis. The loss of one or more such third-party channels, including in each case as a result of increased regulation, any adverse changes in relations with third parties, or the financial credit-worthiness of such third parties, could severely impact the financial revenue of the Group, resulting in loss of operations, cash flows and projected financial prospects of the Group, which may not be easily substituted in the short-medium term through an alternative channel.

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

Risks relating to entry to new markets and acquisitions

The Group may not be successful upon entry into a new market or upon an acquisition despite completing market research and/or due diligence beforehand.

The Group may not be able to (i) successfully support its growth strategy in a newly entered market; (ii) realise the expected accretive value of any acquired business or portfolio; (iii) take advantage of market opportunities; and/or (iv) dispose of or close existing businesses where these are not financially viable, for a number of reasons including:

- the inability to recruit and retain well-qualified staff for those businesses;
- the failure to meet customer demand if its operations or the market do not perform as expected;
- the inability to find a suitable buyer or wind-down existing businesses due to operational complexity, regulatory concerns and/or impact on customers;
- the failure to respond effectively to local economic conditions or regulatory pressures; and/or
- the inability to successfully integrate the acquisition or new business into the Group.

If the Group subsequently disposes of or closes the acquired business or other business entity, or withdraws from a market, the Group will incur the additional costs of disposal including any write down in value. There is also the opportunity cost of potentially losing out where a more appropriate geographical market or business acquisition would have been beneficial. The losses will be of greater magnitude if the Group makes such an error in relation to a number of strategic markets or acquisitions and this could materially and adversely affect the Group's business, results of operations and financial condition.

Capital and Liquidity Risks relating to the Group

The risk that the Group has insufficient liquidity to meet its obligations as they fall due, and/or is unable to maintain sufficient funding for its future needs

Liquidity risk is the risk that the Group will have insufficient liquid resources available to fulfil its operational plans and/or to meet its financial obligations as they fall due.

Liquidity risk is managed by the Group's centralised treasury department through daily monitoring of expected cash flows and liquidity requirements in accordance with a Board-approved Internal Liquidity Adequacy Assessment Process ("**ILAAP**") and Group Funding and Liquidity Policy. This process is monitored regularly by the Group (and Vanquis Bank) ALCo.

The Group aims to take a prudent approach to funding and liquidity risk, with a Risk Appetite and Funding and Liquidity Policy designed to ensure that the Group is able to continue to fund the growth of the business. The Group maintains liquidity to fund growth and meet contractual maturities in its retail deposit, securitisation and bond funding. As at 31 December 2024, the weighted average period to maturity of the Group's committed borrowing facilities, including retail deposits, was 1.3 years (2023: 1.8 years) and the Issuer's committed borrowing facilities was 7.0 years (2023: 8.0 years). Excluding retail deposits, the weighted average period to maturity of the Group's committed facilities was 4.7 years (2023: 3.7 years). The Moneybarn securitisation facility has a revolving period that now extends to June 2026 (followed by an amortisation period of 12 months).

Vanquis Bank is a PRA-regulated institution. It is primarily funded via retail deposits and has accessed funding from the Bank of England's Indexed Long-Term Repo ("**ILTR**") facility. The retail deposits consist of a range of products including (i) fixed term deposits of 1 to 5 years; (ii) notice savings accounts; (iii) 'easy access' savings accounts; (iv) cash individual savings accounts (**"ISAs"**); and (v) fixed individual savings accounts of 1 to 2 years, all subject to cover by the Financial Services Compensation Scheme ("**FSCS**"). Vanquis Bank does not take corporate deposits, other than from its ultimate parent company, the Issuer. It is required to maintain a liquid assets buffer, and other liquid resources, based upon daily stress tests detailed in the Group and Bank ILAAP, in order to ensure that it has sufficient liquid resources to fulfil its operational plans and meet its financial obligations as they fall due. It also maintains an operational buffer over such requirements in line with its risk appetite. As at 31 December 2024, the high quality liquid assets ("**HQLA**") held by Vanquis Bank in cash and cash equivalents amounted to £947 million (2023: £682 million (not including non-Bank cash deposits)), which is held entirely in a Bank of England Reserve Account.

Both the Group and Vanquis Bank are required to meet the liquidity coverage ratio ("**LCR**"). The LCR requires institutions to match net liquidity outflows during a 30-day period with a buffer of 'high-quality' liquid assets. The Group and Vanquis Bank have developed systems and controls to monitor and forecast the LCR and have been submitting regulatory reports on the ratio since 1 January 2014. As at 31 December 2024, the Group and Vanquis Bank held a strong liquidity position, the Group's LCR amounted to 359 per cent. (2023: 1,263 per cent.) and Vanquis Bank's LCR was 338 per cent. (2023: 1,031 per cent.). As at 30 June 2025, the Group's LCR amounted to 366 per cent. and Vanquis Bank's LCR was 326 per cent. Both the Group and Vanquis Bank continue to meet the LCR requirements.

On 1 November 2022, the Group received notice from the PRA that it had approved the Group's application for a CUG large exposure waiver which enables Moneybarn to access funding from Vanquis Bank with immediate effect. This enabled the Group's transition to a traditional bank funding model in which the Group's funding consists of: (i) retail deposits; (ii) securitisation of the credit cards and vehicle finance books; and (iii) liquidity and funding facilities at the Bank of England. The CUG waiver was extended in July 2025 for a further three years. Since 2023 Vanquis Bank has diversified its retail deposit funding mix through more behaviour driven deposits and ISAs. Whilst this retail deposit funding mix does provide Vanquis Bank with access to more liquidity, it also changes its liquidity risk profile, as customers have immediate access to their deposits.

Despite the above measures, there can be no assurance that the Group's financial performance will not be adversely affected should events relating to liquidity risks arise in the future including those described in the risk factors entitled "*Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations*" and "*Disruptions and volatility in the global financial markets may adversely impact the Group's access to funding*", which could impact the ability of the Issuer to make payments in respect of the Notes.

The Group is subject to prudential regulatory capital and liquidity requirements and may incur costs in monitoring and complying with these requirements

The Group is subject to prudential regulatory capital and liquidity requirements on a consolidated basis imposed by the PRA as a result of Vanquis Bank being regulated by the PRA and accepting UK retail deposits. Vanquis Bank is also subject to prudential regulatory capital and liquidity requirements imposed by the PRA on a solo entity basis. The requirements applicable are primarily set out in UK CRD (as defined in the Conditions). Together these requirements set out the capital, leverage, liquidity and funding ratios that are applicable to the Group and Vanquis Bank. Further information on the capital and funding of the Group is set out in the section titled "*Capital and Liquidity*".

The Group's ability to do business could be constrained if it fails to maintain sufficient levels of capital. Furthermore, if the Group fails to meet its minimum regulatory capital requirements, this could result in administrative actions or sanctions against it. Effective management of the Group's capital is critical to its ability to operate and grow its business and to pursue its strategy. Any change that limits the Group's ability to manage its balance sheet and capital resources effectively (including, for example, reductions in profits and retained earnings as a result of credit losses, write downs or otherwise, increases in risk weighted assets, delays in the disposal of certain assets or the inability to raise finance through wholesale markets as a result of market conditions or otherwise) or any increase in the prudential regulatory capital and liquidity requirements could have a material adverse effect on its business, financial condition, results of operations and/or prospects. See "*The implementation of regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Regulatory Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Notes*", "*The value of the Notes could be adversely affected by a change in English law or administrative practice*", *"The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK"* and *"Potential effects of any additional regulatory changes"* below.

There remains a risk that any changes to the Capital Regulations (as defined in the Conditions), in addition to PRA rules, standards or guidance, may lead to further unexpected enhanced prudential requirements for the Group. This could affect the profitability of the Group and/or lead to regulatory action if new requirements are not adhered to, which could impact the Issuer's ability to make payments of interest and/or principal on the Notes.

Moneybarn may be required to contribute its Tier 1 capital to Vanquis Bank

On 1 November 2022, Vanquis Bank was granted a CUG waiver application by the PRA, which was extended in July 2025 for a further three years. This waiver allows Vanquis Bank to disapply the large exposures limit imposed by Article 395 of the UK CRR when lending to Moneybarn. The PRA requested that, in support of the CUG waiver application, Vanquis Bank and Moneybarn enter into the CSA in order to comply with the provisions of section 2.8 of the PRA's Supervisory Statement SS16/13, which states that, in the case of a counterparty which is not a PRA-authorised firm, the application should include a legally binding agreement between the firm and the counterparty to promptly, on demand by the firm, increase the firm's Tier 1 capital by an amount required to ensure that the firm complies with the provisions contained in UK CRR Part Two (Own funds) and any other requirements relating to Tier 1 capital or concentration risk imposed on a firm by or under the regulatory system. In accordance with PRA guidance, the CSA requires Moneybarn to contribute only the Tier 1 capital available to Moneybarn, although it does not require Moneybarn to render itself balance sheet insolvent as a result. Any such contribution may have an impact on the Group and, as a result, the Issuer's ability to make payments of interest and/or principal in respect of the Notes.

Conduct, Legal and Regulatory Risks

The Group's business practices could result in systemic conduct failings requiring significant redress programmes for customers

The non-standard credit market in which the Group operates exposes the Group to conduct risk. The FCA, as part of its statutory objectives, is clear that consumer protection is critical in ensuring markets work well and any failures by the Group in support of this objective could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

Through the many touch points with the Group's customers, the Group is exposed to conduct risk. This could manifest through:

- poor product design which fails to meet the needs of customers through unsuitable product features including levels of interest, inappropriate fees and/or charges or basic ease of use;
- lending irresponsibly by failing to undertake appropriate credit or affordability checks for existing or new customers, or through patterns of lending which make repayments unsustainable over time;
- failing to identify or treat customers fairly, particularly those who are vulnerable, have special needs or are in financial difficulty. This includes not offering adequate forbearance or 'breathing space' to customers where they are struggling to meet agreed payments or where they are in persistent debt. In the context of the cost of living crisis, this risk is heightened and also includes offering suitable payment holidays to customers who are experiencing financial difficulty directly as a result of the cost of living crisis;
- failure to deliver good outcomes for customers across the principles introduced through the Consumer Duty (as defined below);
- not dealing with complaints fairly through inadequate recognition of a complaint, fact-finding, decision as to whether the complaint is upheld, redress and communication of complaint outcomes to customers, as well as failing to address the root causes of complaints; and
- failures by third parties, with whom the Group engages, to comply with law and regulation which may result in the Group being liable for, for example, inadequate disclosure by brokers to customers of commission paid to them.

Any 'event' or failure of the type described above could trigger a major systems and controls and/or conduct breach, most likely arising through irresponsible lending or unsuitable product design feature. This could result in an FCA enforcement action, Financial Ombudsman Service ("**FOS**") 'precedent case', increased claims from Claims Management Companies ("**CMCs**") and/or mandated or voluntary redress programmes and potential court action. Were this risk to crystallise, it could be substantial and have a material adverse effect on the Group's business, financial condition, reputation, results of operations, cash flows and prospects.

On 1 August 2025, the Supreme Court issued a judgment in the three conjoined cases of Hopcraft v Close Brothers Ltd; Johnson v FirstRand Bank Ltd; Wrench v FirstRand Bank Ltd [2025] UKSC 33, which concluded that the commission paid by the lender created an unfair relationship under the Consumer Credit Act 1974. The FCA has been investigating discretionary commission arrangements since January 2024, however this was paused when three commission cases were brought before the courts. Since the judgment, the FCA have confirmed their intention to create a redress scheme to compensate any customers where harm has been created by unfair commission models. A consultation is due to be published in October 2025. There were a number of case specific details that led to this determination, and the Group remains confident that Moneybarn's commission models did not create an unfair relationship, however it continues to work with the FCA and will actively contribute to the consultation. For further information on this matter please refer to the Note 16 (*Contingent Liabilities*) to the financial information contained in the 2025 Group Interim Financial Statements.

The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK

The Group is exposed to many forms of legal and regulatory risk in the UK, which may arise in a number of ways.

Leeds Reforms

On 15 July 2025 the Chancellor as part of her Mansion House speech set out the "Leeds reforms", a strategy which is intended to boost financial services growth and competitiveness. Amongst other changes, the UK government proposes to: (i) "radically streamline" the Senior Management and Certification Regime ("**SMCR**") and (ii) unlock retail investment. The strategy has five key areas of focus:

- delivering a competitive regulatory environment, including through reducing regulatory burdens and reforming the Financial Ombudsman Service;
- harnessing the UK's global leadership in financial services;
- embracing innovation and leveraging the UK's Fintech leadership;
- building a retail investment culture and delivering prosperity through UK capital markets; and
- setting the UK's financial services sector up with the skills and talent it needs.

This strategy seeks to build on the 2022 "Edinburgh Reforms" which were delayed by the change in government. A number of changes and consultations have been launched to boost growth, unlocking capital, simplifying regulation and reducing bureaucracy and administration.

All of the changes currently being proposed, or in flight are expected to have a positive impact on the Group, in particular:

- reform of the Financial Ombudsman Service;
- simplification of the SMCR;
- Consumer Credit Act Reform;
- launch of the Data Protection Use and Access Act 2025; and
- simplification of the FCA Handbook (following implementation of consumer duty).

On 15 July 2025, the FCA and the PRA issued consultation papers outlining suggested changes to the SMCR. Amongst other things, these consultation papers propose: (i) streamlining the Senior Management Function ("**SMF**") approval process; (ii) increasing the validity period of criminal record checks for SMF applications; and (iii) amending the "12-week rule" so that an individual may perform an SMF role on an interim basis, without submitting an SMF application, for up to 12 weeks. Both consultations close on 7 October 2025, with final regulatory requirements expected to be published in mid-2026. The Group is actively engaged in reviewing these consultation papers and will make any changes to its policies, processes and procedures that are necessary to ensure compliance with the final regulatory requirements.

Whilst these changes seek to drive economic growth by reducing regulatory burdens in the financial sector, the Group still anticipates a high level of scrutiny of the treatment of customers by financial institutions from regulatory bodies, the press, politicians and consumer groups, especially given the non-standard credit market in which the Group operates. The Group is actively engaged in reviewing these consultation papers and will make any changes to its policies, processes and procedures that are necessary to ensure compliance with the final regulatory requirements.

ISA Reform

In relation to "unlocking retail investment", the UK government has stated that it will "continue to consider reforms to ISAs and savings to achieve the right balance between cash savings and investment". It is currently unclear what form these reforms will take.

Regulatory focus on consumer finance

The FCA and, to a lesser extent, His Majesty's Treasury ("**HMT**") have been very active in the consumer finance industry in the UK, undertaking a number of investigations and publishing numerous reports into the lending market, especially that section of the market targeted at customers who have difficulties in accessing traditional sources of funding, which is the market in which the Group operates. These include but are not limited to:

- In July 2024 firms implemented the FCA's rules and guidance on consumer duty (the "**Consumer Duty**"). The FCA introduced a new consumer principle that requires firms to act to deliver good outcomes for retail customers (the "**Consumer Principle**") which has applied from 31 July 2023 for new and existing products and services, and 31 July 2024 for products and services held in closed books. Since implementation the FCA has published a number of papers on the good and poor practices it has seen, and continues to push firms to embed the Duty, meaning continued regulatory focus on Firms' treatment of their customers. The Group delivered a programme of work to meet the new rules and completed its second annual attestation in July 2025. Work continues as the Group embeds the Consumer Duty and continues to seek improvements in its processes.

- In April 2025, the FCA conducted a review of how firms were supporting customers in vulnerable circumstances, they looked at how banks and building societies handled customer bereavement and powers of attorney. Whilst some good practice was identified, they also highlighted a number of areas for improvement. The Group was not included in the review, but has taken the FCA findings on board and built them into its consumer duty attestation and actions.

- Since August 2023, the FCA has a new secondary objective to facilitate the international competitiveness of the UK economy and its growth in the medium to long term. Following the implementation of Consumer Duty and its outcomes-based approach, the FCA launched a call for input to assist the FCA in understanding whether, where and how it can simplify detailed and prescriptive requirements that cover similar issues to the Consumer Duty, and through greater reliance on high-level rules. Following the call for input, the FCA issued a feedback statement in March 2025. The feedback statement outlines immediate actions and longer-term work that the FCA intends to take to simplify requirements for firms. The aim of this exercise is to: (i) give firms greater flexibility; (ii) provide firms with more predictability; and (iii) improve efficiency. This will allow firms to adapt and innovate in a way that helps consumers and is responsive to technological change. The FCA intends to publish a further statement in September 2025 to outline its programme of work and progress to date. The Group will continue to work closely with trade bodies to influence this positive change.

- The Woolard Review on unsecured consumer lending commenced in late 2020 and was published on 2 February 2021. The review itself was extensive with 26 recommendations covering change to the finance industry and the way it is regulated and supervised. Many of the recommendations have been taken forward by the FCA in subsequent business plans.

- Further to the Woolard Review and as part of the UK government's intention to reform retained EU law, HMT intends to reform the Consumer Credit Act 1974 ("**CCA**"). HMT published a consultation paper in December 2022 to understand whether the expansion of FCA rule-making powers is possible or desirable to enable the transfer of provisions out of the CCA. The consultation response confirms that the UK government plans to move forward with an ambitious overhaul of the CCA that would include proposals to repeal much of the CCA and recast it in the FCA Handbook. In May 2025 HMT issued a further consultation paper, entitled "Consumer Credit Act Reform – Phase 1", which outlines the UK government's overall proposals for a reformed consumer credit regime, as well as its approach to information requirements, sanctions, and criminal offences. Owing to the size and complexity of the reforms, HMT has confirmed that a further consultation paper will be published in due course, which will set out how the UK government intends to reform the scope of regulation and rights and protections under the CCA. The Group is considering the

proposed reforms and will monitor these closely as they evolve to assess what changes it may need to make to comply with the reforms if and when they take effect.

- As part of the FCA's 'borrowers in financial difficulty' ("**BiFD**") project from March 2021, the FCA published a report, in November 2022, setting out the key findings of its review of firms' treatment of borrowers in financial difficulty following the COVID-19 pandemic. Since then, the FCA has published new FCA Handbook Rules, "*Strengthening Support for Borrowers in Financial Difficulty*", which came into force in November 2024 and replaced the Mortgages Tailored Support Guidance. A project was completed to ensure that the Group is able to meet the requirements and enhance its processes for supporting customers in financial difficulty and vulnerability.

- In March 2025 the FCA published their latest work programme, setting out the strategy for the next 5 years. It focuses on 4 strategic priorities:

    - being a 'smarter' regulator – by improving its processes and adopting technology to become more efficient and effective. This will involve significantly streamlining the FCA's supervisory priorities and providing more firms with direct FCA contact points; more efficient and effective;
    - supporting sustained economic growth – by enabling investment innovation and ensuring continued competitiveness of UK financial services. This will include reforming rules and removing redundant requirements where appropriate;
    - helping consumers navigate their financial lives – by ensuring that consumers have the information and support to take financial decisions. The FCA has stated that the Consumer Duty is central to how regulated firms treat their customers; and
    - fighting financial crime – by disrupting criminal and supporting firms to be an effective line of defence.

    It is clear from the strategy that the FCA intends to continue reforming how it regulates, to ensure that it is doing so proportionately and predictably, so as to be an efficient and effective regulator.

The FCA is adapting its approach to regulating firms, taking a more data driven and proactive approach to enable it to act more quickly and decisively where it believes customer harm may/has occurred. Firms have seen an increase in the volume and frequency of information being requested, including as a result of the introduction of new reporting requirements for consumer credit firms which allow the FCA to collect more granular information about consumer credit products. Under the new "product sales data" returns, consumer credit firms must provide detailed information on the initial sale, and ongoing performance of individual agreements.

The Payment Systems Regulator has also introduced rules regarding the mandatory reimbursement in cases of authorised push payment ("**APP**") fraud (i.e. a type of scam which sees people tricked into sending a payment to someone who is not who they claim to be). The new rules require, subject to certain conditions, payment service providers in the UK to reimburse their customers for APP fraud losses and can apply to Vanquis Bank in very limited scenarios.

Despite the steps taken, the Group will remain at risk of: (i) further, or changes to existing, interest rate, total cost of credit or annual percentage rate of charge or other types of cost caps or lending restrictions; (ii) changes to 'unfair terms' laws; (iii) withdrawal of a key licence or removal of an entry from a relevant register; (iv) more restrictive product regulation; (v) more stringent consumer credit legislation; (vi) responsible lending legislation; (vii) employment and health and safety legislation; (viii) implementation of new or more stringent licensing or registration procedures (for example, the introduction or tightening of licensing requirements for non-banking financial institutions); (ix) broader grounds for challenges to the Group's commercial practices or product terms and conditions by customers or interest groups; and/or (x) any other legal or regulatory changes designed to manage the growth of credit in the areas in which the Group operates.

Certain aspects of the Group's business may be determined by the PRA, the FCA, the Payment Systems Regulator, the Competition and Markets Authority, HMT, the FOS, the Information Commissioner's Office or the courts as not being conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the FOS' opinion, and which can change over time (although the remit of FOS is currently under consultation).

The Group is also subject to large volumes of claims submitted by CMCs and these can be time-consuming and costly to consider. Previously, where the Group rejected a CMC claim and an appeal was made to the FOS, the Group was required by the FOS to pay a case fee to it whatever the outcome. On 1 April 2025, FOS changed the way it charges firms and now CMCs are required to pay a fee upfront to submit complaints. This has resulted in a significant decrease in the volume of complaints escalated to FOS by CMCs, however customers are still able to refer their own complaint free of charge. Whilst individual customers have not been referring complaints at the same rate as CMCs, the costs associated with handling such claims and the FOS case fees could be material to the Group and any significant increase in claims or appeals to the FOS could have an impact on the Group's cash flow and results of operations.

Compliance with the extensive and increasing regulatory framework is expensive, time-consuming and labour-intensive. Failure to comply with any applicable laws, regulations, rules or contractual compliance obligations could result in investigations, information gathering, appointment of a skilled person, public censures, financial penalties, disciplinary measures, liability and/or enforcement actions being brought against the Group, the provision of restitution to affected customers (through back book remediation), and/or licences or permissions that the Group needs to do business not being granted or being revoked or suspended. Furthermore, the Group is, and may in the future be, subject to claims and complaints, including legal action by customers, employees, shareholders, suppliers and others. All of these could result in significant costs, may require provisions to be recorded in the Group's financial statements and may materially adversely affect future revenues from affected products. In addition, there could be damage to the Group's reputation and adverse publicity for the Group, which could affect its relations with customers, as well as divert management's attentions from the day-to-day management of the Group's business. Any of these developments could impair the Group's ability to conduct its business and could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

The Group may be subjected to regulatory proceedings and any regulatory failings could manifest in more intrusive and intensive regulation and restrict the Group's ability to develop and conduct key aspects of its business

The Group may be subjected to legal and regulatory proceedings in the course of its business. Risks relating to these proceedings may arise where the Group's business may not be, or may not have been, conducted in accordance with applicable laws or regulations.

There can be no assurance that the Group will prevail in any future regulatory proceedings. Any regulatory or other proceedings, whether or not determined in the Group's favour or settled by the Group, could be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations. In addition, any proceedings could adversely affect the Group's reputation and the market's perception of the Group and the products and services that it offers, as well as customer demand for those products and services, which could have a material adverse effect on the Group's business, financial condition, results of operations or prospects.

There are no ongoing regulatory proceedings against the Group.

The Group has in the past been subject to regulatory proceedings. If new regulatory issues were to emerge, this could result in more onerous supervision which could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks are posed by legal challenges to contractual terms and collective redress

Losses may arise or liabilities may be incurred from defective transactions or contracts, either where contractual obligations are not enforceable, are judged unlawful or do not allocate rights and obligations as intended. These may arise in a number of ways.

The Group may incur losses if it cannot recover all or part of the debt from its customers because its contracts with those customers are held to be partly or wholly unenforceable. For example, the English courts may find a customer contract to be in breach of laws and regulation relating to CCA requirements or unfair terms in contracts, and therefore unenforceable, thereby also increasing the risk that the number of claims by customers seeking to avoid their loan repayment will increase. This can also attract complaints activity from CMCs, who can often target issues or lenders across the industry. Failure by the Group to sustain effective debt recovery methods or a loss in confidence of the Group to recover debt under its contracts with customers, by recourse to the courts or otherwise, could severely impede the Group's

business. In addition, collective redress mechanisms as a means of addressing mass consumer claims in the UK may pose a risk to the relevant subsidiary being party to a collective dispute in the event that the Group commences litigation, or if litigation is commenced against it, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to the risk of non-compliance with laws relating to the prevention of money laundering and the financing of terrorism and the Criminal Finances Act

The Group is subject to laws regarding the prevention of money laundering and the financing of terrorism, as well as laws that prohibit the Group and its employees or intermediaries from engaging in acts which may constitute bribery or corruption. This includes the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Proceeds of Crime Act 2002 and the UK Bribery Act 2010. The Group is also subject to the Criminal Finances Act 2017 which includes a corporate criminal offence for failing to take adequate steps to prevent employees or other associates from facilitating tax evasion.

The HMT consultation on options for reform of the UK's anti-money laundering and counter-terrorism financing supervisory system is still in progress as at the date of this Offering Circular. The proposals are in line with the UK government's commitment to the Economic Crime Plan 2023-2026. No decisions have been made on any changes, and the Group continues to track progress, and contribute to industry discussions as necessary. Once an outcome is reached, this will be assessed to determine the impact to the Group.

The Group is currently undergoing numerous transformation programmes which include investment in new and enhanced financial crime technology. This will introduce a holistic, consistent and risk-based approach to managing financial crime risk across all customers, regardless of product. Enhancements include the detection of potential suspicious activity, screening of new and existing customers, and customer onboarding.

Any material non-compliance with financial crime regulations by the Group or its subsidiaries may lead to FCA enforcement or other financial penalties as well as expose it to the risk of associating with sanctioned individuals or those with serious criminal convictions. This in turn could have a material adverse effect on the Group's business, results of operations and financial condition.

The Payment Services Regulations 2017 (SI 2017/752) ("PSR") may have an adverse effect on Vanquis Bank's business

The PSR implemented the second EU Payment Services Directive ("**PSD2**") in the UK. The PSR revoked and replaced the Payment Services Regulations 2009 (SI 2009/09), as of 13 January 2018, which had implemented the first Payment Services Directive; this legislation established an EU single market for payments to encourage the creation of safer, more innovative payment services, and aimed to make cross-border payments in the EU easy, efficient and secure.

PSD2 builds on previous legislation and requires Vanquis Bank to invest in new business practices and security infrastructure to implement the new legislative requirements. The three main areas of change have been: (i) increasing customer rights in areas including complaints handling and currency conversion; (ii) enhancing security through Strong Customer Authentication ("**SCA**") criteria; and (iii) enabling third-party access to account information, providing an opportunity for competitors to create new payment and account services. Any loss of customers as a result of such greater competition or inability to comply with SCA criteria could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.

On 13 January 2023, HMT published a consultation to review and call for evidence on the PSR. The consultation focuses on how UK payments regulation should evolve to meet the government's aims and address the specific challenges highlighted in its review. Following the call for evidence, HMT published a policy statement in July 2023 in relation to payment account contract terminations noting its intention to amend the PSR to require payment account providers to provide a clear and tailored explanation to a customer where their payment account contract has been terminated and provide adequate notice when choosing to terminate a contract. The Payment Services and Payment Accounts (Contract Termination) (Amendment) Regulations 2025 come into force on 28 April 2026 and amend the PSR so as to impose new requirements on payment service providers ("**PSPs**") in relation to the termination of framework contracts

for payment services concluded for an indefinite period and entered into on or after 28 April 2026. Amongst other things, this legislation provides that: (i) where a PSP gives a reason for refusing to open a payment account for a consumer, the reason must be "sufficiently detailed and specific to enable the consumer to understand why the application has been refused, unless providing that information would be unlawful"; and (ii) PSPs must give 90 days' notice (rather than two months' notice) before the termination of a contract takes effect. HMT has stated that it may take further action, in the light of concerns about banking services not being provided as a consequence of a customer's lawful views or expression of beliefs and on the application of the regulations relating to politically exposed persons ("**PEPs**"). The FCA conducted a multi-firm review on how firms treat PEPs when carrying out anti-money laundering checks. Following this review, the FCA launched a consultation on proposed target clarifications to its related guidance, which closed on 18 October 2024. Finalised guidance was published by the FCA on 7 July 2025. The finalised guidance requires firms to take proportionate measures in meeting their financial crime obligations with respect to PEPs, by applying a case-by-case risk assessment for the individual PEP, rather than applying a generic approach to all PEPs. This reflects the fact that not all PEPs pose the same level of risk. The finalised guidance also set outs measures that firms can take, depending on whether the PEP is considered to be high- or low-risk. The Group has not identified any issues in complying with this finalised guidance.

The Payment Services (Amendment) Regulations 2024 (SI 2024/1013), which are intended to support efforts to tackle APP fraud by amending the PSR, entered into force on 30 October 2024. Following the publication of the draft regulations in early October, the FCA published two "Dear CEO" letters addressed to payment service providers, setting out its expectations relating to APP fraud reimbursement. The FCA has also consulted on proposed changes to its Payment Services and Electronic Money Approach Document to support the recently introduced legislation to tackle APP fraud. The consultation closed on 4 October 2024 and finalised guidance was published on 22 November 2024. The Group has not identified any issues in complying with this finalised guidance.

The PSR is part of the legislation that will be revoked by the FSMA 2023. The process has been delayed following the UK general election and the new UK government has not yet published a formal deadline by which it intends to complete it.

The European Payment Services Directive ("PSD3") and Payment Services Regulation ("EUPSR") may have an impact on changes in the UK legislative framework and affect Vanquis Bank's business

The expected changes to the payments landscape that PSD3 and the EUPSR are expected to introduce, while not expected to be fully in force in EU State Members until sometime in 2026 (or later), will likely have an effect in the UK. Given the international nature of payments, it is possible that the UK may make similar amendments in the future, although there are no such proposals at this time.

PSD3 builds on previous legislation and intends to:

- combat and mitigate payment fraud;
- improve consumer rights;
- further level the playing field between banks and non-banks;
- improve the functioning of open banking;
- improve the availability of cash in shops and via ATMs; and
- strengthen harmonisation and enforcement.

To the extent that PSD3 and the EUPSR are in any way mirrored or drive any legislative change introduced by the UK, this is likely to affect Vanquis Bank's business.

Potential effects of any additional regulatory changes

No assurance can be given that additional regulatory changes by or guidance from the PRA, the FCA, the CMA, the Payment Systems Regulator, the FOS or any other regulatory authority will not arise with regard to the financial services regulatory regime in the United Kingdom generally, the Group's and/or Vanquis Bank's particular sector in that market or specifically in relation to the Group and/or Vanquis Bank. Any such action or developments or compliance costs may have a material adverse effect on the Notes, the

Group, and Vanquis Bank and their respective businesses and operations. This may adversely affect the ability of the Issuer to make payments in full on the Notes when due.

Risks relating to Technology and Information and Data Security

The Group's operations are highly dependent upon access to, and the functioning and security of, IT applications, systems and infrastructure

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

Regulators are also increasingly focused on promoting the protection of customer and client information and the integrity and resilience of information technology systems of regulated firms. The Group's continued regulatory authorisation is increasingly dependent on the adequacy of the Group's IT systems and controls. The Group may identify, and has identified in the past, weaknesses in its IT systems and controls.

The Group's information systems could be adversely affected by events outside its control, including, among others, pandemics, terrorist acts, human error, fraud, natural disasters, telecommunications and network failures and power losses. The Group's computer systems, data stored on third-party servers or applications by means of "cloud computing" and "software as a service" and its networks may be vulnerable to unauthorised access (from within its organisation or by third parties), computer viruses or other malicious code and cyber threats that could have a security impact. Cyber-attacks, in particular, have become far more prevalent in recent years, leading potentially to the theft or manipulation of confidential and proprietary information or loss of access to, or destruction of data on systems. If one or more of such events were to occur in respect of the Group's systems, its data, software or networks, could jeopardise the Group's confidential and other information processed and stored in, and transmitted through, its computer systems and networks or third-party platforms.

Any material disruption to, or failure of the Group's systems, the systems of its third-party service providers or the systems of the banking and other sectors that are integral to its businesses, especially if it also impacts the Group's backup or disaster recovery capability, would disrupt its operations and materially adversely affect its businesses. Any temporary or permanent loss of the Group's ability to use its information systems, or any disruption to and/or loss of data could disrupt its operations, result in increased capital expenditure, insurance and operating costs, cause it to suffer a competitive disadvantage and/or materially adversely affect its financial condition. Furthermore, the Group is expected to continue to be reliant on technology to carry out elements of its operations remotely as a result of hybrid-working practices (see further the risk factor titled "*Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations*" above) and the continued use of outsource partners, particularly for the servicing of its customers. This increases the risk of serious disruption to the business should such technology fail.

Any security or privacy breach of the Group's systems could expose it to liability, increase expenses relating to the resolution of such breaches, harm its reputation and deter customers from purchasing products from the Group. The Group could be required to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

The Group upgrades its IT systems on a continual basis, notably as part of transformation programmes currently underway, and particularly when it elects to transition newly acquired businesses onto its systems or otherwise integrates newly acquired businesses or portfolios within its existing IT infrastructure. The integration process, as well as migration of data from legacy systems, may result in technical or operational difficulties that may require it to remedy problems that arise, which could require substantial expenditure, time and other resources.

As some of the systems, technologies and applications that the Group uses have been developed internally, its level of development documentation may not be comparable to that of third-party software packages. The Group may also have certain employees that possess important, undocumented knowledge of its

systems. If any such employee no longer worked for the Group, its ability to maintain, repair or modify its systems and platforms may be limited.

Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is subject to risks associated with obtaining, sharing and retaining customer data which is heavily regulated by privacy, data protection and related laws in the jurisdictions in which it operates

The Group's ability to conduct its business depends in large part on the use of personal data in the Group's consumer data intelligence systems and sharing of account level data with third-party service providers to enhance collections and support the administration of the accounts. The Group handles and processes large amounts of sensitive or confidential information, such as personal information of customers and colleagues, including names and account numbers, locations, contact information and other account specific data. Its ability to obtain, retain, share and otherwise manage such data is governed by data protection and privacy requirements and regulatory rules and guidance.

The Group is subject to UK legislation and in particular the UK General Data Protection Regulation (GDPR), the Data Use and Access Act 2025 (DUAA), the Privacy and Electronic Communications Regulations 2003 (PECR) and the UK Data Protection Act 2018 (collectively known as the "**Data Privacy Laws**"). These Data Privacy Laws impose a compliance burden on the Group and require that controls are placed on its ability to use data, including expanding the requirement for informed opt-in consent by customers to the processing of their personal data, granting customers a "right to be forgotten" (which may give the customers the right to have their data deleted in certain cases), imposing restrictions on taking decisions about individuals based solely on automated processing of their data (which may prohibit the Group from taking decisions about customers using the Group's consumer data intelligence systems unless there is manual intervention), imposing disclosure requirements about data sources to customers and imposing the maximum levels of fines for compliance failures of 4 per cent. of annual worldwide turnover, among other requirements. In addition, the Data Privacy Laws increase the ability of data subjects to recover substantial damages for breaches of the legislation, and allows representative bodies (such as consumer organisations) to make claims on behalf of data subjects. The Group also experiences a significant volume of subject access requests, particularly from CMCs. These requirements can increase the Group's data protection costs and restrict its ability to conduct its business, which may have a material adverse effect on its results of operations and financial position.

The Group may not be able to prevent the improper disclosure or processing of sensitive information in breach of contract and applicable law. The databases containing consumer data are vulnerable to damage from a variety of sources, including telecommunications and network failures and natural disasters. The databases are also vulnerable to human acts both by individuals outside of the Group as well as the Group's employees, including fraud, identity theft and other misuse of personal data. Any security or privacy breaches of the Group's data could expose it to liability, increase its expenses relating to resolution of these breaches, harm its reputation and deter customers, introducers and other suppliers from conducting business with the Group. Any material failure to process consumer data in compliance with applicable laws could result in the revocation of its licences, monetary fines, criminal charges and breach of contractual arrangements.

Following a Court of Justice of the European Union decision (known as the "**Schrems II decision**") there is a requirement to undertake more detailed reviews relating to the surveillance laws operating in the country of destination that the Group's data may be transferred to or processed in. There is a risk that the Group does not have the necessary knowledge or experience of all jurisdictions to undertake the assessments. In addition, the extra assessment requirements place additional burden on the management and operations of the Group.

Any of the foregoing sanctions under UK or EU legislation could have a material adverse effect on the Group's business, reputation, results of operations or financial condition.

Risks relating to the Operations of the Group

The Group's risk management framework, systems and processes, and related guidelines and policies, may prove inadequate to manage its risks, and any failure to properly assess or manage such risks could harm the Group

The Group faces a wide range of risks in its core business activities, including credit, liquidity, interest rate, conduct and operational risk. Effective risk management requires, among other things, robust frameworks, policies, processes and controls for the accurate identification and control of a large number of transactions and/or events, and the Group's risk management policies, processes and controls may not prove to be adequate. The Group has a range of methods designed to identify, assess and manage the various risks it faces and the Group is increasingly relying on internally developed models in order to inform its financial decision making. These methods may be inadequate for predicting future risk exposure, which may prove to be significantly greater than what is suggested by historical experience. Other methods the Group utilises for risk management are based on the evaluation of markets, customers or other information that is publicly known or otherwise available to the Group. The accuracy, completeness and consistency of this information may not always be verified or sustained as it transitions through processes and systems without appropriate quality assurance. Whilst the Group has extensive historic data on its customer segments, this may not be sufficient to accurately predict the credit risk of all of its customers or the future performance of particular products offered within the Group.

As such, it may be difficult to predict changes in economic or market conditions and to anticipate the effects that any such changes could have on the Group's financial performance and business operations.

Additionally, in deciding whether to extend credit to customers, the Group relies on information furnished to it by customers and other third parties, including employment, income and other financial information. The Group relies on representations of customers as to the accuracy and completeness of and explanations for that information. Whilst the Group independently verifies certain information about customers (such as certain income information) that they use in making credit decisions and decisions regarding modifications to such arrangements, it is not possible to verify all of the information. If any of the information provided is intentionally or negligently misrepresented and such misrepresentation is not detected prior to the funding of a loan or granting of credit, the future recoverability of the loan or credit may be adversely impacted, which may have a material adverse effect on the business, financial condition, results of operations, cash flows and prospects of the Group.

The Group is also exposed to the risk of loss due to fraud committed against the Group itself or the Group's customers. This can be further exacerbated where these events are facilitated by, or otherwise involve, staff. The Group is limited by a maximum level of risk that it can assume before breaching constraints determined by regulatory capital and liquidity needs and its regulatory and legal obligations, including, among others, from a conduct and prudential perspective. If the Group's risk management policies, processes and controls are ineffective, this could have a material adverse effect on its business, financial condition, results of operations or prospects.

Risk relating to the integrity, appropriateness and accuracy of the Group's reporting and the breakdown of operating processes, systems or controls that underpin the Group's business models

The integrity of the Group's control and information systems requires that the financial position of the business is known accurately and in a timely fashion by management. The Group has an established internal control framework and associated assurance mechanism to ensure that ongoing systems, controls and processes are operating as required, and will only implement significant changes to such controls and processes following approved governance arrangements.

However, there remains a risk that these measures will fail to ensure the provision of accurate and timely data on the financial position of the business, which could lead to the Group's control and information systems being compromised, materially adversely affecting the Group's business. For example, following a review of the Group's balance sheet, some restatements to historic financial information have been required and the Group restated financial information for the year ended 31 December 2023 in the 2024 Group Financial Statements (see further "*Statement of accounting policies*" in the 2024 Group Financial Statements).

There is a risk that the Group will encounter further losses if there is a systematic breakdown of operating procedures, processes, systems or controls that underpin the business model, including reporting requirements.

The Group could fail to attract or retain suitably qualified senior management or other key employees

The Group's success depends to a large extent on the continued service and performance of its key staff, particularly its senior management, and its ability to attract, retain and develop high-calibre talent. The Group may not succeed in attracting and retaining key personnel if they do not identify with, or have confidence in, the Group's strategy.

Competition from within the financial services industry, as well as from businesses outside financial services for key employees is intense. The Group aims to have sufficient breadth of capabilities and depth of personnel to ensure that it can meet its strategic objectives across all its businesses. However, the loss of key personnel or of a substantial number of talented employees, or an inability to attract, retain and motivate the calibre of agents, operational managers and employees required for the continuation and expansion of the Group's activities could have a material adverse effect on its business, growth prospects, results of operations and financial condition.

Financial Risks relating to the Group

Tax risk

Examinations and challenges by tax authorities, changes in tax laws or regulations, or the application thereof, could materially adversely affect the Group's business, financial condition and results of operations.

The Group's tax returns, which include corporation tax, value added tax, various employment tax returns as well as a number of returns for operational taxes, are prepared in accordance with applicable tax legislation and prevailing case law. Whilst the Group has a regular and constructive dialogue with His Majesty's Revenue and Customs ("**HMRC**") across all taxes and aims to seek advance clearance and discuss contentious issues as early as possible, there remains a risk that the tax authorities could take a view which differs from that taken by the Group in respect of the treatment of particular items in its tax returns.

Any challenges made by tax authorities to the Group's application of tax rules may result in adjustments to the timing or amount of taxable income or deductions or other amounts reflected in the Group's tax returns. This extends to tax authorities taking the view that VAT exempt supplies received by the Group from UK-based suppliers should be subject to VAT. If any such challenges are made and are not resolved in the Group's favour, they could have an adverse effect on its business, results of operations and financial condition.

There is also a risk that there is an unforeseen breakdown in the systems and processes which underpin the preparation of tax returns and identification of tax sensitive matters which results in items being treated incorrectly for tax purposes or taxes being under-reported.

The Group's effective tax rate may also be affected by changes in UK tax laws or the interpretation of UK tax laws, including changes in its assessment of certain matters. The Group's effective tax rate in any given financial year reflects a variety of factors that may not be present in the succeeding financial year or years. The rate of UK corporation tax and the rate of bank surcharge which applies to Vanquis Bank's profit above an annual surcharge allowance are two factors affecting the Group's effective tax rate. In addition, the effective tax rate reflects the recognition of deferred tax assets in respect of losses and other temporary differences on the basis the Group expects to have sufficient taxable profits in the future to enable such deferred tax assets to be recovered.

Any increase in the Group's effective tax rate in future periods could have a material adverse effect on its business, results of operations and financial condition. Unexpected tax liabilities may adversely affect the Group's financial position and the ability of the Issuer to make payments in respect of the Notes.

The Group faces risks with interest rate levels and volatility

Market risk is the risk of loss due to adverse market movements caused by active trading, or unmatched, positions taken in interest rates, foreign exchange markets, bonds and equities. The Group's corporate

policies do not permit it to undertake position taking or trading books of this type and therefore it does not do so.

Interest rate risk is the risk of potential loss through unhedged or mismatched asset and liability positions which are sensitive to changes in interest rates. Primarily, the Group is at risk of a change in external interest rates which leads to an increase in the Group's cost of borrowing without an off-setting increase in revenue. The Group's exposure to foreign exchange risk is *de minimis*.

The Group's exposure to movements in interest rates is managed by the ALCo and is governed by an approved Market Risk Policy on behalf of the Board which forms part of the Group's principal risk policies. Interest rates in the UK, which are impacted by factors outside of the Group's control including the fiscal and monetary policies of the UK government and central bank, as well as UK and international political and economic conditions, affect the Group's results, profitability and consequential return on capital in three principal areas: cost and availability of funding, margins and revenues and impairment levels.

The Group seeks to limit its net exposure to changes in interest rates. This is achieved through a combination of diversified funding sources, including issuing fixed rate debt and by the use of derivative financial instruments such as interest rate swaps.

Vanquis Bank's deposit accounts historically consisted of fixed term, and fixed rate accounts. Since December 2021 and continuing throughout 2022 and 2023, the Bank of England increased its Bank Rate (the interest rate it pays on funds placed with it by commercial banks) in response to the rate of inflation exceeding target which resulted in increased savings rates being offered by banks to customers and therefore, the cost of funding of retail deposits taken by Vanquis Bank. In August 2024, the Bank of England reduced interest rates for the first time since March 2020, allowing some of this reduction to be passed on to the savings rates. Interest rates have continued to reduce since August 2024 from 5.25 per cent. to 4.0 per cent. in August 2025.

Changes in interest rates may also impact the Group's loan impairment levels and customer affordability. A rise in interest rates, without sufficient improvement in customer earnings or employment levels, could, for example, lead customers with other financial commitments at variable rates with lenders other than the Issuer, to prioritise those payments, particularly over the Group's unsecured products, which in turn could lead to increased impairment charges and lower profitability for the Group.

Given these risks, there can be no assurance that the Group's financial performance will not be adversely affected by events relating to interest rate changes, which could impact the ability of the Issuer to make payments in respect of the Notes. Any adverse impact to Vanquis Bank could impact the potential dividend flow from Vanquis Bank to the Group.

Pension risk

The Issuer operates a defined benefit pension scheme and as at 22 August 2025 there were 2,442 deferred members and 3,104 pensioners included in the scheme (the "**Pension Scheme**"). The cash balance section closed on 31 August 2021 and there are no active members. There can be no absolute assurance that the Issuer's financial performance will not be adversely affected should unforeseen events relating to pension risks arise in the future, and this could impact the ability of the Issuer to make payments in respect of the Notes.

(i) ***Risks relating to valuation and related funding of pension liabilities***

There is a risk that the liabilities within the Pension Scheme may materially exceed the assets in the Pension Scheme, and the Issuer will therefore be exposed to the risk that its pension funding commitments may increase over time, which could impact the ability of the Issuer to make payments in respect of the Notes. This could be due to the investment performance of the Pension Scheme's assets, changes to assumptions used to value the Pension Scheme's liabilities or changes to the level of funding required (see below). Changes to assumptions used to value the Pension Scheme's liabilities and assets might be made to reflect, *inter alia*, changes in corporate bond yields, inflation, equity and bond returns and mortality rates. The economic environment in recent years has led to volatile movements in equity markets and corporate and government bond yields and mortality rates have been improving in the UK. The Pension Scheme's trustees may seek to adopt more conservative assumptions at future actuarial valuations (which typically take place every three years, with the last completed actuarial valuation being as at 1 June 2024, and the next actuarial

valuation as at 1 June 2027), including where there is a deterioration in the financial condition of the Issuer (which could further exacerbate any financial difficulties the Issuer faces at such time).

Whilst the Pension Scheme's trustees determine the Pension Scheme's investment strategy, several years ago the Pension Scheme's trustees and the Issuer agreed and implemented a risk averse investment strategy. The equities are hedged against currency risk and the Scheme's interest rate and inflation risk are broadly hedged to the value of the Scheme's assets. As a result of adopting this investment strategy the investments tend to move broadly in line with any change in the Pension Scheme's liabilities, much reducing the impact of market volatility.

(ii) ***Risk of exit debt arising under Section 75 of the Pensions Act 1995***

The Issuer is both the principal employer and the sole statutory employer of the Pension Scheme. If the Issuer fails to remedy any substantial breach of its obligations under the Pension Scheme's governing documentation (e.g. if it fails to remedy any failure to pay contributions to the Pension Scheme) within a prescribed period, the trustees of the Pension Scheme would have the right to terminate the Pension Scheme and wind it up. The insolvency of the Issuer would also trigger a wind-up of the Pension Scheme. Where insolvency of the Issuer or a wind-up of the Pension Scheme takes place, the Pension Scheme's trustees will demand that the Issuer makes a lump sum payment to the Pension Scheme under Section 75 of the Pensions Act 1995. Liability under Section 75 is calculated on a conservative "buy-out" basis so such liabilities can be much larger than ongoing pension funding commitments agreed following actuarial valuations. If any Section 75 liabilities materialise, this could impact the ability of the Issuer to make payments in respect of the Notes.

(iii) ***Risk of the Pensions Regulator exercising its powers***

The Pensions Regulator has various legislative powers (which were strengthened under the Pension Schemes Act 2021 (the "**Act**")) with respect to funding defined benefit pension arrangements such as the Pension Scheme, including the ability to impose actuarial valuations and deficit funding obligations on pension scheme employers, and to require an employer participating in a defined benefit scheme or a person connected or associated with such an employer to make a contribution to or provide financial support for that scheme in certain circumstances. Each potential target's maximum exposure to the Pension Scheme under these powers is an amount equal to the deficit of the Pension Scheme under Section 75 of the Pensions Act 1995. If the Pensions Regulator exercised its powers, this could impact the ability of the Issuer to make payments in respect of the Notes.

The Act also includes criminal offences, with unlimited fines and an expanded civil penalty regime in relation to defined benefit pension schemes (prosecution for pensions related criminal offences under the Act can be brought by the Pensions Regulator, the Director of Public Prosecutions and the Secretary of State).

The Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024 came into force on 6 April 2024 (the "**FIS Regulations**"). The FIS Regulations apply to all actuarial valuations with an effective date on and after 22 September 2024, and therefore will not apply in respect of the Pension Scheme until the next actuarial valuation after this date as at 1 June 2027. The FIS Regulations require trustees to have a strategy for ensuring that pensions and other benefits under a scheme can be provided over the long term, which may result in higher employer pension contribution requirements.

RISKS RELATING TO THE NOTES

The Notes will be subordinated to most of the Issuer's liabilities and the rights of any holders of Conversion Shares will be further subordinated

The Issuer's obligations under the Notes will be unsecured and subordinated to all of the Issuer's obligations to Senior Creditors. In addition, payment of principal or interest in respect of the Notes cannot be made in respect of the Notes except to the extent that the Issuer could make such payment and still satisfy the Solvency Condition immediately thereafter. The Insolvency Act splits a financial institution's non-preferential debts into classes, and provides that ordinary non-preferential debts will rank ahead of secondary non-preferential debts and tertiary non-preferential debts. The Notes constitute tertiary non-preferential debts under the Insolvency Act, and therefore both ordinary and secondary non-preferential debts would continue to rank ahead of claims in respect of the Notes.

If a Winding Up or Qualifying Procedure occurs (i) prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer, but subject as provided in Condition 5(a) (*Winding Up prior to a Trigger Event*)), such amount, if any, as would have been payable to the Holder if, on the day prior to the commencement of the Winding Up or Qualifying Procedure and thereafter, such Holder were the holder of Notional Preference Shares ranking *pari passu* as to a return of assets on a Winding Up or Qualifying Procedure with holders of Parity Securities and the holders of the most senior class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in the Winding Up or Qualifying Procedure over, and so rank ahead of, all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding Up or Qualifying Procedure was an amount equal to the principal amount of the relevant Note and any Accrued Interest (provided not otherwise cancelled in accordance with the Conditions) and any damages awarded for breach of any obligations (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a Winding Up) or (ii) on or after the date on which a Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such Winding Up or Qualifying Procedure, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such Winding Up or Qualifying Procedure.

Therefore, if, on a Winding Up or Qualifying Procedure, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of Senior Creditors in full, the Holders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of Senior Creditors in full but insufficient assets to enable the Issuer to pay claims arising under its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes (which, in the event of a Winding Up or Qualifying Procedure occurring in the intervening period between a Trigger Event and the Conversion Date, will be claims that rank *pari passu* with ordinary shares of the Issuer), the Holders will lose some (which may be substantially all or all) of their investment in the Notes.

Although the Notes may pay a higher rate of interest than notes which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent. See also "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*".

Furthermore, Holders should be aware that, upon the occurrence of an Automatic Conversion, all of the Issuer's obligations under the Notes shall be irrevocably and automatically released by the Holders in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient in accordance with the Conditions), and each Holder will be effectively further subordinated due to the change in their status on a Winding Up or Qualifying Procedure after the Conversion Date from being the holder of a debt instrument ranking ahead of holders of ordinary shares to being the holder of ordinary shares of the Issuer or the beneficial owner of ordinary shares of the Issuer as evidenced by the Notes. As a result, upon the occurrence of an Automatic Conversion, the Holders could lose all or part of their investment in the Notes irrespective of whether the Issuer has sufficient assets available to settle what would have been the claims of the Holders or other securities subordinated to the same extent as the Notes, in a Winding Up or Qualifying Procedure or otherwise. Therefore, even if other securities that rank *pari passu* with the Notes are paid in full, following the Conversion Date in respect of an Automatic Conversion, the Holders will have no rights to the repayment of the principal amount of the Notes or the payment of interest on the Notes and will rank as holders of ordinary shares of the Issuer (or beneficial owners of ordinary shares of the Issuer).

The Notes are not protected by the Financial Services Compensation Scheme ("FSCS")

Unlike a bank deposit, the Notes are not protected by the FSCS. As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer. If the Issuer goes out of business or become insolvent, Holders may lose all or part of their investment in the Notes.

Among other things, the Notes are unsecured and subordinated obligations of the Issuer, as described above. Interest payments on the Notes are discretionary and the Issuer may be required to cancel interest payments on the Notes in certain circumstances, see "*The Issuer may at any time elect for any reason, and in certain circumstances shall be required, not to make payments of interests on the Notes*". In addition, the Notes will be subject to conversion into ordinary shares following the occurrence of a Trigger Event, see "*Upon*

the occurrence of a Trigger Event, Holders will lose all or some of the value of their investment in the Notes". Investments in the Notes do not benefit from any protection provided pursuant to the domestic law which implemented Directive (2014/49/EU) of the European Parliament and of the Council on deposit guarantee schemes (such as the UK Financial Services Compensation Scheme) in the United Kingdom or otherwise. Therefore, if the Issuer becomes insolvent or defaults on its obligations, investors investing in the Notes could lose all or part of their investment in the Notes.

In addition, the claims of investors in the Notes may be varied or extinguished pursuant to the exercise of powers under the Banking Act, including the mandatory write-down and conversion power and the bail-in tool (see further "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*"), which could lead to investors in the Notes losing some or all of their investment. The write-down and conversion of capital instruments and liabilities power does not apply to ordinary bank deposits and the bail-in power must be applied in a specified preference order which would generally result in it being applied to capital instruments such as the Notes prior to its being applied to bank deposits (to the extent that such deposits would be subject to the bail-in power at all).

The Issuer is a holding company, so the Notes are structurally subordinated

The business of the Group is carried out through the operating subsidiaries of the Issuer and therefore the Issuer depends upon receipt of funds, via dividends or interest payments from its operating subsidiaries, to fund payments of principal and interest on the Notes.

Holders of the Notes will not have a direct claim against the assets of any of the Issuer's operating subsidiaries in respect of the Notes. The assets of any such subsidiaries will in the first instance be used to pay their creditors.

As a result, the right of the Holders to receive payments under the Notes will be structurally subordinated to all liabilities of all of the Issuer's operating subsidiaries (in addition to being contractually subordinated as described under the risk factor titled "*The Notes will be subordinated to most of the Issuer's liabilities and the rights of any holders of Conversion Shares*"). Structural subordination in this context means that, in the event of a winding up or insolvency of an operating subsidiary of the Issuer, any creditors of such subsidiary would have (i) preferential claims to the assets of that subsidiary ahead of the Issuer in respect of the Issuer's holding of ordinary shares in such subsidiary and in respect of claims of the Issuer against such subsidiary that rank junior to the claims of such third party creditor and (ii) in respect of claims of the Issuer against such subsidiary that rank *pari passu* with any third party creditors' or preference shareholders' claims, *pari passu* claims to the assets of that subsidiary with those claims of the Issuer.

The Notes are not guaranteed by Vanquis Bank or any other Group entity. The assets and the cash within Vanquis Bank or any other Group entity would be used to repay depositors and other senior creditors within Vanquis Bank or such Group entity (as applicable) in the first instance. In addition, Vanquis Bank's ability to pay dividends, and the amount of any such dividends, to the Issuer at any time is subject to its compliance with applicable regulatory capital requirements. Such regulatory capital requirements are subject to change.

As well as the risk of losses in the event of a Group subsidiary's winding up or insolvency, the Issuer may suffer losses if any of its loans to, or investments in, such subsidiary are subject to write-down and conversion by statutory power, regulatory direction or the operation of a contractual mechanism in the terms of such loans or investments or if the subsidiary is otherwise subject to resolution proceedings. In particular, the Banking Act specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under the Capital Regulations and which otherwise respects the hierarchy of claims in an ordinary insolvency. In general terms, the more junior the investments in, and loans made to, any Group subsidiary are, relative to third-party investors, the greater the losses likely to be suffered by the Issuer in the event that any Group subsidiary enters into resolution proceedings or is subject to write-down or conversion of its capital instruments or internal eligible liabilities. See the risk factor titled "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*" and the risk factor titled "*Mandatory write-down and conversion of capital instruments may affect the Notes*" below.

The Issuer has in the past made, and may continue to make, loans to, and investments in, Group subsidiaries. Such loans to, and investments made by, the Issuer in a subsidiary will generally be subordinated to depositors and other unsubordinated creditors and may be subordinated further to meet regulatory requirements and furthermore may contain mechanisms that, upon the occurrence of a trigger related to the

prudential or financial condition of the Group or such subsidiary or upon regulatory direction would result in a write-down or conversion into equity of such loans and investments.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its Group subsidiaries, at any time and for any purpose including, without limitation, to provide different amounts or types of capital or funding to such subsidiary. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for a write-down and/or conversion into equity upon specified triggers or regulatory direction. Any restructuring of the Issuer's loans to, and investments in, any of the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the Holders.

Furthermore, if Vanquis Bank or any of the other Group subsidiaries were to be wound up, liquidated or dissolved (i) the Holders would have no direct recourse against such subsidiary and (ii) the Issuer would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the relevant proceedings of that subsidiary in respect of its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of the creditors and preference shareholders (if any) of that subsidiary. If Vanquis Bank or any of the other Group subsidiaries were subject to resolution proceedings (i) the Holders would have no direct recourse against such subsidiary and (ii) the Holders themselves may also be exposed to losses pursuant to the exercise by the Resolution Authority of the resolution powers conferred by the SRR (as defined below) or the mandatory write-down and conversion power – see "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*".

No limitation on issuing senior or pari passu securities

The Notes do not contain any restriction on the amount of securities which the Issuer may issue, nor on the amount of any other obligations it may assume, which rank senior to, or *pari passu* with, the Notes. The issue of any such securities and/or the assumption of any such other obligations may reduce the amount recoverable by Holders on a Winding Up or Qualifying Procedure and/or may increase the likelihood of a cancellation of interest under the Notes. In addition, the Notes do not contain any restriction on the Issuer issuing securities with preferential rights to the Notes or securities with similar or different provisions to those set out herein.

The Issuer may at any time elect for any reason, and in certain circumstances shall be required, not to make payments of interest on the Notes

The Issuer may at all times and for any reason elect at its full and absolute discretion to cancel (in whole or in part) the Interest Amount that would otherwise be payable on any Interest Payment Date. If the Issuer does not pay an Interest Amount (or part thereof) on the relevant Interest Payment Date, such non-payment shall evidence the cancellation of such Interest Amount in accordance with the Conditions, and accordingly such Interest Amount shall not in any such case be due and payable.

Furthermore, the Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that:

(i) such Interest Amount (or part thereof), when aggregated with other specified interest payments or distributions, exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date - see also "*The level of the Issuer's Distributable Items and its available funding is affected by a number of factors, and insufficient Distributable Items (or funding) will (or may) restrict the ability of the Issuer to make interest payments on the Notes.*" below;

(ii) the Issuer is required to do so under the then prevailing Capital Regulations and such Interest Amount (or part thereof) would cause, when aggregated together with other distributions of the kind referred to in Rule 4.3(2) of Chapter 4 (or any succeeding or analogous rules amending or replacing such rule), the Maximum Distributable Amount (if any) then applicable to the Regulatory Group to be exceeded - see also "*The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Notes. In*

addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Notes" below;

(iii) the PRA orders the Issuer to cancel such payment - see also "*The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Notes. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Notes*" below; or

(iv) the Solvency Condition is not satisfied with respect to payment of such Interest Amount (or part thereof).

Future legislation changes may include additional cancellation features that will require the Issuer to cancel Interest Amounts.

In addition, if a Trigger Event occurs, any accrued Interest Amounts shall be deemed to have been cancelled upon the occurrence of such Trigger Event.

Any Interest Amounts or part thereof not so paid on any such Interest Payment Date shall be cancelled and shall no longer be due and payable by the Issuer. A cancellation of an Interest Amount (or part thereof) in accordance with the Conditions will not constitute a default of the Issuer under the Notes for any purpose. Interest payments are non-cumulative and Holders shall have no right to any cancelled (or unpaid) Interest Amount or to receive any additional interest or compensation as a result of such cancellation or non-payment, whether under the Notes or the Trust Deed, on a Winding Up, Qualifying Procedure or otherwise. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due and the cancellation of any Interest Amount (or part thereof) will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

If the Issuer elects to cancel, or is prohibited from paying, Interest Amounts (or part thereof) at any time, there is no restriction (other than any relevant restriction imposed by any applicable law or regulation) on the Issuer from otherwise making distributions or any other payments to the holders of the ordinary shares of the Issuer or any other securities issued by any member of the Group, including securities ranking *pari passu* with or junior to the Notes. It is the Board's current intention that, whenever exercising its discretion to declare any distribution in respect of the ordinary shares, or its discretion to cancel interest on the Notes, the Board will take into account the relative ranking of these instruments in its capital structure. However, the Board may at any time depart from this policy at its sole discretion.

Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Issuer's financial condition. Any indication that the Common Equity Tier 1 Capital Ratio of the Group is trending towards the combined capital buffer requirement (the level at which the "maximum distributable amount" restriction under Chapter 4 (or any succeeding or analogous Capital Regulations amending or replacing such chapter) and the terms and conditions becomes relevant) may have an adverse effect on the market price of the Notes.

The level of the Issuer's Distributable Items and its available funding is affected by a number of factors, and insufficient Distributable Items (or funding) will (or may) restrict the ability of the Issuer to make interest payments on the Notes

The Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that such Interest Amount (or part thereof) would, when aggregated with other specified interest payments or distributions, exceed the Distributable Items of the Issuer as at such Interest Payment Date. In addition, the Issuer may at all times and for any reason elect at its full and absolute discretion to cancel (in whole or in part) any Interest Amount that would otherwise be payable on any Interest Payment Date. Further details regarding distributable reserves of the Issuer is given in Note 31 of the 2024 Group Financial Statements and in "*Consolidated statement of changes in*

shareholders' equity" in the 2025 Group Interim Financial Statements. As at 30 December 2024, the Issuer had available distributable items of £471 million.

As a holding company, the level of the Issuer's Distributable Items will be affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items for the Issuer. The Issuer is also reliant on the receipt of distributions from its subsidiaries for funding the Issuer's payment obligations. Consequently, the level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments on the Notes, are a function of the Issuer's existing Distributable Items, future profitability of the Group and the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group structure to the Issuer and other factors such as the amount and availability of such profits and how they are calculated in accordance with accounting rules including the valuation of investment in subsidiaries. In addition, the Issuer's Distributable Items available for making payments to Holders may also be adversely affected by the servicing of other instruments issued by the Issuer or by Group subsidiaries.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. Any such potential changes could adversely affect the Issuer's Distributable Items in the future.

Further, the Issuer's Distributable Items and its available funding, and therefore the Issuer's ability to make interest payments under the Notes, may be adversely affected by the performance of the business of the Group in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. Adjustments to earnings, as determined by the Board, may fluctuate significantly and may also materially adversely affect Distributable Items.

In addition, the ability of the Issuer's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. For example, Vanquis Bank is an institution regulated by the PRA and subject to the UK CRD regime, including capital and combined buffer requirements such as those described for the Group (see "*The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Notes. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Notes*"). Such laws and regulations could limit the payment of dividends, distributions and other payments to the Issuer by its subsidiaries, which could restrict the Issuer's available funding for meeting its obligations or funding other operations and may also restrict the Issuer's ability to maintain or increase its Distributable Items. These factors could, in turn, restrict the Issuer's ability to make interest payments on the Notes.

The Issuer shall not make an interest payment on the Notes on any Interest Payment Date (and such interest payment shall therefore be cancelled and thus shall not be due and payable on such Interest Payment Date) if the level of Distributable Items is insufficient to fund that payment, as discussed in "*The Issuer may at any time for any reason, and in certain circumstances shall be required, not to make payments of interest on the Notes*". In addition, if the Issuer's ability to receive distributions from its subsidiaries is restricted and alternative sources of funding are not available, the Issuer may exercise its discretion to cancel interest payments in respect of the Notes, as discussed above.

The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Notes. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Notes

The capital and regulatory framework to which the Group is subject imposes certain requirements for the Group to hold sufficient levels of capital, including CET1 capital and leverage capacity. A failure to comply with such requirements, as the same may be amended from time to time, may result in restrictions on the Issuer's ability to make discretionary distributions (including on the Securities) in certain circumstances.

In addition, amendments could be made to such framework, to impose general restrictions or prohibitions in relation to discretionary distributions (including in respect of additional tier 1 instruments, such as the Securities) in certain circumstances.

Combined buffer requirement

The Capital Regulations impose capital buffer requirements that are additional to the Pillar 1 "own funds" requirement and are required to be met with common equity tier 1 capital. These capital buffers, as currently applicable to the Issuer on a consolidated basis (in respect of the Group), which make up the "combined buffer", are: (i) the capital conservation buffer and (ii) the institution-specific counter-cyclical buffer. These and other buffers may be applicable to the Group from time to time as determined by a designated authority in the UK.

Furthermore, designated authorities in the UK may require additional capital to be held by an institution to cover its idiosyncratic risks which the supervisor assesses are not fully captured by the Pillar 1 "own funds" requirement. This additional capital requirement, referred to as "Pillar 2A", derives from the Issuer's individual capital guidance, which is a point in time assessment that, in respect of UK firms, is made by the PRA, at least annually, and is expected to vary over time. Under current PRA requirements, the Pillar 2A must be met with at least 56.25 per cent. common equity tier 1 capital and no more than 25 per cent. in tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 "own funds" and "Pillar 2A") cannot be counted towards meeting the "combined buffer requirement" (which is described below), meaning that the "combined buffer requirement" will effectively be applied above both the Pillar 1 "own funds" and "Pillar 2A" requirements. The methodology for Pillar 2A is currently undergoing a PRA review, with a two-part PRA consultation process. On 22 May 2025, the PRA issued a consultation paper (CP12/25), which makes proposals in respect of credit risk, operational risk, pension obligation risk, market risk and counterparty credit risk. The PRA has stated that it will in future conduct a more in-depth review of individual methodologies within Pillar 2A.

The PRA capital buffer rules applicable to the Issuer require that institutions that fail to meet the "combined buffer requirement" (broadly, as implemented in the UK, the combination of the capital conservation buffer, the institution-specific counter-cyclical buffer and, if applicable, the other systemically important institutions buffer and the global systemically important institutions buffer, in each case as applicable to the institution) will be subject to restricted "discretionary payments" (which are defined broadly as payments relating to common equity tier 1, variable remuneration, discretionary pension benefits and payments on additional tier 1 instruments) (the "**MDA Restrictions**"). These types of restrictions have applied in the UK since 1 January 2016.

In the event of a breach of the "combined buffer requirement", the MDA Restrictions will be scaled according to the extent of the breach of the "combined buffer requirement" and calculated as a percentage of the profits of the institution since the last decision on the distribution of profits or "discretionary payment" of the institution. Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer requirement", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer requirement (as applicable at the level of the Group) the Issuer's discretionary payments will be restricted and the Issuer may exercise its discretion to cancel (in whole or in part) interest payments in respect of the Notes. As at 30 June 2025, the Group's CET1 ratio of 18.5 per cent. represented a buffer of 5.1 per cent. or circa £96 million in excess of its Tier 1 regulatory minimum requirement[1] of 13.4 per cent. (based on 30 June 2025 Pillar 1 requirement of 6 per cent., Pillar 2A Tier 1 requirement of 2.9 per cent., capital conservation buffer of 2.5 per cent. and countercyclical capital buffer of 2.0 per cent.).

In addition to the Pillar 1 "own funds" requirement, the UK CRD buffers and the "Pillar 2A" requirement described above, there are additional tools that the PRA and other relevant authorities in the UK have available to them to require UK firms to hold additional capital to address micro-prudential or macro-prudential risks as assessed by the relevant authorities in the UK. These include: the "PRA buffer", which may be assessed by the PRA to cover risks over a forward-looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses; and "sectoral capital requirements", which is a macro-prudential tool available to the FPC of the Bank of England in the UK as a means for the FPC temporarily to increase firms' capital requirements on exposures to specific sectors. Any failure to

[1] Excluding any firm-specific confidential PRA buffer, if applicable.

meet the PRA buffer could result in the preparation of a capital restoration plan. Such capital restoration plan may impose restrictions on discretionary payments, which may result in a need for management actions including the cancellation (in whole or in part) of interest payments in respect of the Notes.

Moreover, the PRA has a broad power under sections 55M, 192C and 192T of the Financial Services and Markets Act 2000 to impose requirements on the Issuer, the effect of which could be to restrict or prohibit payments of interest on the Notes, which is most likely to materialise if at any time the Group is failing, or is expected to fail, to meet its capital requirements. If the PRA imposes such a requirement, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the PRA) interest payments in respect of the Notes.

Separately, certain aspects of the UK regulatory regime may restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Notes.

On 12 September 2024, the PRA published consultation paper "*CP7/24 – The Strong and Simple Framework: The simplified capital regime for Small Domestic Deposit Takers (SDDTs)*" ("**CP7/24**"). CP7/24 builds on the "strong and simple" regime introduced by the PRA with a view to simplifying the prudential regime for small, domestic-focused banks and building societies, while maintaining their resilience. CP7/24 proposes, amongst other things, that firms which are regulated within the Small Domestic Deposit Taker ("**SDDT**") regime would be required to maintain a simplified "single capital buffer" in place of the current PRA buffers required to be maintained, which would be implemented as part of the Pillar 2B capital framework and would be set at no less than 3.5 per cent. of risk weighted assets of the firm. In connection with this change, CP7/24 proposes that the automatic capital conservation measures currently associated with the usage of some PRA buffers under the maximum distributable amount framework would be removed for such firms. The PRA has announced that it intends to publish a policy statement implementing the SDDT capital regime during the fourth quarter of 2025 and its intention to continue working on the basis of its proposed implementation date for the SDDT capital regime of 1 January 2027.

The Issuer received its modification by consent for a CRR consolidation entity to become an SDDT consolidation entity in March 2024 and currently expects to elect to apply the SDDT regime from 1 January 2027. If the proposals in CP7/24 were to be implemented in their current form and if the Issuer were to become regulated under the SDDT regime in the future, the provisions of Condition 6(a)(ii) (*Mandatory cancellation of interest – Maximum Distributable Amount*) would cease to apply to the Notes if and to the extent that the payment restrictions thereunder were no longer required under the prevailing Capital Regulations then applicable to the Issuer. However, in such circumstances, the Issuer may still elect, may be required under a capital restoration plan or may be directed by the PRA, to reduce or cancel interest payments on the Notes if it were to fail to meet its single capital buffer requirement.

The Group's capital resources and requirements are, by their nature, calculated by reference to a number of factors, any one of which or combination of which may not be easily observable or capable of calculation by investors. See "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Capital Ratio of the Regulatory Group*." for examples of the type of factors that can affect the Group's capital resources and requirements and how they are determined. In addition, changes in the application of the Capital Regulations or any changes to such rules to include more onerous requirements and/or any decrease in the Group's capital and leverage resources and/or increase in such requirements and how they are determined, may increase the risk of the Issuer being bound by MDA Restrictions and/or the PRA imposing requirements on the Issuer, each of which may, in turn, increase the risk of the Issuer exercising its discretion to cancel interest payments in respect of the Notes or being subject to mandatory restrictions on interest payments in respect of the Notes.

Holders may not be able to predict accurately the proximity of the risk of discretionary payments on the Notes being prohibited from time to time as a result of the operation of the MDA Restrictions and/or the exercise by the PRA of its broad powers to impose prudential requirements on the Issuer. For further information, see the risk factor entitled "*The Group is subject to prudential regulatory capital and liquidity requirements and may incur costs in monitoring and complying with these requirements*". Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a breach of the combined buffer or an exercise by the PRA of its broad

powers to impose prudential requirements may occur can be expected to have a material adverse effect on the trading price of the Notes.

The Notes may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date

The Notes may trade, and/or the prices for the Notes may appear, on the ISM and/or in other trading systems, with accrued interest. If this occurs, purchasers of Notes in the secondary market will pay a price that reflects such accrued interest upon purchase of the Notes. However, if a payment of interest on any Interest Payment Date is cancelled (in whole or in part) as described herein and thus is not due and payable, purchasers of such Notes will not be entitled to that interest payment (or, if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date and may therefore lose part of their investment in the Notes.

The interest rate on the Notes will reset on each Reset Date, which is expected to affect the interest payable on the Notes and could affect the market value of the Notes

The Notes will bear interest at the Initial Interest Rate from (and including) the Issue Date to (but excluding) the First Reset Date. On each Reset Date, the interest rate will be reset to the sum of the relevant Mid-Market Swap Rate and the margin of 7.344 per cent., converted to a semi-annual rate in accordance with market convention as instructed by the Issuer. The relevant Reset Interest Rate could be less than the Initial Interest Rate and/or any previous Reset Rate of Interest, which could affect the market value of an investment in the Notes.

Methodologies for the calculation of risk-free rates (including overnight rates) as reference rates for the Notes may vary and may evolve

"Risk-free" rates, such as the Sterling Overnight Index Average ("**SONIA**") (on which the Mid-Market Swap Rate is based) – as reference rates for Eurobonds, have become more commonly used as benchmark rates for bonds in recent years. Most of the rates are backwards-looking, but the methodologies to calculate the risk-free rates are not uniform. Such different methodologies may result in slightly different interest amounts being determined in respect of otherwise similar securities.

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to the Notes. Such variations could result in reduced liquidity or increased volatility in, or might otherwise affect, the market price of the Notes.

In addition, investors should consider how any mismatch between applicable conventions for the use of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Notes.

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

The administrator of SONIA may make changes that could change the value of SONIA or discontinue SONIA

The Bank of England (or a successor), as administrator of SONIA, may make methodological or other changes that could change the value of SONIA, including changes related to the method by which SONIA is calculated, eligibility criteria applicable to the transactions used to calculate SONIA, or timing related to the publication of SONIA. In addition, the administrator may alter, discontinue or suspend calculation or dissemination of SONIA (in which case a fallback method of determining the interest rate on the Notes will apply). The administrator has no obligation to consider the interests of Noteholders when calculating, adjusting, converting, revising or discontinuing SONIA. This may have an adverse impact on the value of the Notes.

Certain benchmark rates, including SONIA, may be discontinued or reformed in the future

Interest rates or other types of rates and indices which are deemed to be benchmarks have been subject to significant regulatory scrutiny and legislative intervention in recent years. This relates not only to creation and administration of benchmarks, but also, to the use of a benchmark rate.

In the EU, for example, Regulation (EU) No. 2016/1011, as amended (the "**EU Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark. Similarly, Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the UK. Legislation such as the EU Benchmarks Regulation or the UK Benchmarks Regulation, if applicable, could have a material impact on any Notes linked to a benchmark rate or index for example, if the methodology or other terms of the benchmark are changed in the future in order to comply with the terms of the EU Benchmarks Regulation or UK Benchmarks Regulation or other similar legislation, or if a critical benchmark is discontinued or is determined to be by a regulator to be "no longer representative". Such factors could (amongst other things) have the effect of reducing or increasing the rate or level or may affect the volatility of the published rate or level of the benchmark. They may also have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks", or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

The elimination of the Reference Rate (or any component part thereof) or any other benchmark, or changes in the manner of administration of any benchmark, could require or result in an adjustment to the interest calculation provisions of the Conditions (as further described in Condition 6(h) (*Interest – Benchmark Replacement*)), or result in adverse consequences to holders of the Notes. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect such benchmark as it applies to the Notes, the return on the Notes and the trading market for securities (including the Notes) based on the same benchmark.

Interest rate "fallback" arrangements may lead to Notes performing differently or the effective application of a "fixed rate"

If the Reference Rate (or any component part thereof) becomes unavailable, the Issuer considers that there may be a Successor Rate or a Benchmark Event occurs the Conditions provide for certain fallback arrangements. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative rate may be adjusted (if required) in accordance with the Conditions (subject to changes not prejudicing qualification of the Notes as Tier 1 Capital for the purposes of and in accordance with the then prevailing Capital Regulations).

Any such changes may result in the Notes performing differently (which may include payment of a lower interest rate) than if the original benchmark continued to apply. It is also possible that such an event may be deemed to have occurred prior to the Issue Date. Moreover, due to the uncertainty concerning the availability of successor rates and alternative reference rates and the involvement of an Independent Adviser in certain circumstances, the relevant fallback provisions may not operate as intended at the relevant time. Additionally, in certain circumstances, the ultimate fallback of Reset Interest Rate for a particular Reset Period may result in the effective application of a fixed rate for the Notes.

Any such consequences could have a material adverse effect on the value of and return on the Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and UK Benchmarks Regulation reforms or arising from the possible cessation or reform of certain reference rates in making any investment decision with respect to the Notes.

The Notes have no scheduled maturity and Holders do not have the right to cause the Notes to be redeemed or otherwise accelerate the repayment of the principal amount of the Notes except in very limited circumstances

The Notes will be perpetual securities and have no fixed maturity date or fixed redemption date. Accordingly, the Issuer will be under no obligation to repay all or any part of the principal amount of the Notes, the Issuer has no obligation to redeem the Notes at any time and Holders have no right to call for their redemption or otherwise accelerate the repayment of the principal amount of the Notes (except in the very limited circumstances of automatic acceleration following a Winding Up Event as provided in the conditions below under Condition 13(a)(ii) (*Enforcement Events and Remedies – Winding up Event*)).

The Notes are subject to early redemption upon the occurrence of certain events and at certain times

Subject to the Issuer obtaining PRA Permission (and the same not being revoked by the relevant redemption date) and compliance with the Regulatory Preconditions, the Issuer may, at its option, redeem all (but not some only) of the Notes (i) at any time upon the occurrence of a Tax Event or a Capital Disqualification Event, (ii) on any date from (and including) 1 November 2030 to (and including) the First Reset Date, (iii) on any date from (and including) the date falling six months prior to any subsequent Reset Date to (and including) such Reset Date or (iv) at any time, if the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued, in each case, at their principal amount together with any Accrued Interest.

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

Any decision by the Issuer as to whether it will exercise its option to redeem the Notes will be made at the absolute discretion of the Issuer taking into account factors such as, but not limited to, the economic impact of exercising such option to redeem the Notes, any tax consequences, the regulatory requirements and the prevailing market conditions. If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

Substitution or Variation of the Notes upon the occurrence of a Capital Disqualification Event or a Tax Event

If at any time a Tax Event or a Capital Disqualification Event occurs, and subject to the Issuer obtaining PRA Permission (and the same not being revoked) and compliance with the Regulatory Preconditions, the Issuer may, as provided in Condition 8 (*Redemption and Purchase; Substitution and Variation*) and without the need for any consent of the Holders, substitute all (but not some only) of the Notes, or vary the terms of all (but not only some) of the Notes so that they remain or, as appropriate, become Qualifying Additional Tier 1 Notes. The conditions of such substituted or varied Notes may have conditions that contain one or more provisions that are substantially different from the conditions of the original Notes, provided that the relevant Notes remain or, as appropriate, become, Qualifying Additional Tier 1 Notes, in accordance with the Conditions.

There can be no assurance that, due to the particular circumstances of each Holder, any Qualifying Additional Tier 1 Notes will be as favourable to each Holder in all respects or that, if it were entitled to do so, a particular Holder would make the same determination as the Issuer as to whether the terms of the relevant Qualifying Additional Tier 1 Notes are not materially less favourable to Holders than the terms of the Notes. The Issuer bears no responsibility towards the Holders for any adverse effects of such substitution or variation (including, without limitation, with respect to any adverse tax consequences suffered by any Holder).

The Notes will not contain events of default and the Holders will have limited remedies

Payments in respect of the Notes may only be accelerated in the event of the occurrence of a Winding Up Event before the occurrence of a Trigger Event. There is no right of acceleration in the case of non-payment of principal or interest on the Notes or of the Issuer's failure to perform any of its obligations under or in respect of the Notes. No interest will be due and payable if such interest has been cancelled or not paid (in whole or in part) as set out in Condition 6(a) (*Interest – Cancellation of interest*). Accordingly, no default in payment or otherwise under the Notes will have occurred or be deemed to have occurred in such circumstances.

The sole remedy against the Issuer available for recovery of amounts owing in respect of any non-payment of principal on any of the Notes when due is, subject to certain conditions and to the provisions set forth in Condition 13(a) (*Enforcement Events and Remedies*), for the Trustee to institute proceedings for the winding up of the Issuer in England (or such other jurisdiction in which the Issuer is organised) (but not

elsewhere) and/or proving in any Winding Up or Qualifying Procedure of the Issuer. As such, the remedies available to holders of the Notes are limited, which may make enforcement more difficult.

Although, in the event the Issuer breaches any of its obligations under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Trust Deed or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations), the Trustee may (subject to certain conditions) institute such proceedings against the Issuer as it may think fit to enforce such obligations, the Trustee (acting on behalf of the Holders but not the Trustee acting in its personal capacity under the Trust Deed) and the Holders may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving and/or claiming such Monetary Judgment in a Winding Up or Qualifying Procedure of the Issuer.

The exercise of the UK Bail-in Power by the Resolution Authority with respect to the Issuer and/or the Notes does not constitute a Winding Up Event nor give rise to any acceleration rights under the Notes for the Trustee or the Holders.

Prior to the occurrence of any winding-up or administration of the Issuer, the Notes will remain subject to Automatic Conversion upon a Trigger Event or the exercise of the mandatory write-down and conversion power and/or the bail-in tool by the Resolution Authority (see "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*" below). None of these events constitutes an event of default in respect of the Notes.

If the Issuer fails to issue and deliver the Conversion Shares to be issued and delivered on an Automatic Conversion to the Conversion Shares Depositary (or to the relevant recipient as contemplated above) in accordance with the Conditions, a Holder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered.

Waiver of set-off

As set out in Condition 4(b) (*Subordination – No set-off*) Holders waive any right of set-off, compensation, retention or netting in respect of the Notes, insofar as permitted by applicable law. Therefore, Holders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under the Notes against obligations owed by them to the Issuer. Holders may therefore be required to initiate separate proceedings to recover amounts in respect of any counterclaim and may receive a lower recovery in the event of a winding-up or administration of the Issuer than if set-off, compensation, retention or netting were permitted.

Upon the occurrence of a Trigger Event, Holders will lose all or some of the value of their investment in the Notes

The Notes are being issued for capital adequacy regulatory purposes with the intention and purpose of being eligible as Additional Tier 1 Capital of the Regulatory Group. Such eligibility depends upon a number of conditions being satisfied, which are reflected in the Conditions. One of these relates to the ability of the Notes to be available to absorb any losses of the Issuer. Accordingly, a Trigger Event shall occur if the Common Equity Tier 1 Capital Ratio of the Regulatory Group (calculated without applying any relevant transitional provisions then in effect under the Capital Regulations (unless the Capital Regulations otherwise require or permit (explicitly or without restricting) that such transitional provisions are applied for these purposes)) falls below 7.00 per cent. Whether a Trigger Event has occurred shall be determined by the Issuer or the PRA and such determination shall be binding on Holders.

Upon the occurrence of a Trigger Event, an Automatic Conversion will occur on the Conversion Date, at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released by the Holders in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary to be held on behalf of the Holders (or to the relevant recipient in accordance with terms of the Notes), and under no circumstances shall such released obligations be reinstated. As a result, Holders could lose all or part of the value of their investment in the Notes, as, following an Automatic Conversion, Holders will receive only (i) the Conversion Shares (if the Issuer does not elect that a Conversion Shares Offer be made) or (ii) the Conversion Shares Offer Consideration, which shall comprise Conversion Shares and/or cash depending on the results of the Conversion Shares Offer (if the Issuer elects that a Conversion Shares Offer be made), and the realisable value of any Conversion Shares received may be significantly less than

the Conversion Price. In addition, the realisable value of any Conversion Shares received could be substantially lower than that implied by the price paid for the Notes at the time of their purchase and, upon an Automatic Conversion, Holders will no longer have a debt claim in relation to the Notes.

Furthermore, upon the occurrence of an Automatic Conversion, the Holders will not be entitled to any compensation in the event of any improvement in the Group's Common Equity Tier 1 Capital Ratio after the Conversion Date.

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, which may be outside the control of the Issuer. Accordingly, investors may be unable to predict accurately if and when a Trigger Event may occur. See "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Capital Ratio of the Regulatory Group*" below.

The Notes may also be written off, written down, converted into ordinary shares of the Issuer or otherwise modified in a manner which is materially adverse to investors in circumstances where the Resolution Authority exercises powers under the UK recovery and resolution regime and, similarly, any Conversion Shares issued on the Conversion Date upon the occurrence of a Trigger Event shall also be subject to such powers. See "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*" below. In particular, such powers could be exercised before a Trigger Event occurs pursuant to the Conditions (and, therefore, before any Automatic Conversion and issuance of Conversion Shares).

Holders will bear the risk of changes in the Regulatory Group's Common Equity Tier 1 Ratio

The market price of the Notes is expected to be affected by changes in the Regulatory Group's Common Equity Tier 1 Ratio. Any decline or perceived decline in the Common Equity Tier 1 Capital Ratio may have an adverse effect on the market price of the Notes, and such adverse effect may be particularly significant if there is any indication or expectation that the Common Equity Tier 1 Capital Ratio is, or may be moving towards, 7.00 per cent. See "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Capital Ratio of the Regulatory Group*" and "*The implementation of regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Regulatory Group's Common Equity Tier 1 Ratio and thus increase the risk of a Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Notes*".

The Issuer intends to report publicly the Regulatory Group's Common Equity Tier 1 Ratio only when public financial reporting is conducted, and therefore during the intervening periods there may be no published updates to the Regulatory Group's Common Equity Tier 1 Ratio. In addition, there may be no prior warning of adverse changes in the Regulatory Group's Common Equity Tier 1 Ratio. However, any indication that the Regulatory Group's Common Equity Tier 1 Ratio is moving towards the level of a Trigger Event may have an adverse effect on the market price of the Notes. A decline or perceived decline in the Regulatory Group's Common Equity Tier 1 Ratio may significantly affect the trading price of the Notes.

The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Capital Ratio of the Regulatory Group

The occurrence of a Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside the control of the Issuer. Although the Issuer intends to report publicly the Regulatory Group's Common Equity Tier 1 Capital Ratio only when public financial reporting is conducted, a Trigger Event may occur at any time. The PRA, as part of its supervisory activity, may instruct the Issuer to calculate such ratio at any time, including when the Issuer is subject to recovery and resolution actions by the Resolution Authority, or the Issuer may otherwise at any time calculate such ratio at its own discretion. Whether a Trigger Event has occurred shall be determined by the Issuer or the PRA and such determination shall be binding on Holders.

The Regulatory Group's Common Equity Tier 1 Capital Ratio may fluctuate between public financial reporting periods. The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting its earnings, distributions payments by the Issuer, regulatory changes (including changes to definitions and calculations of the Common Equity Tier 1 Capital Ratio and its components, including Common Equity Tier 1 and Risk

Weighted Assets), and the Group's ability to manage its Risk Weighted Assets. Actions that the Issuer takes could also affect its Common Equity Tier 1 Ratio, including causing it to decline. For example, any growth in the Risk Weighted Assets may result in a reduction in the Common Equity Tier 1 Ratio if not matched by an increase in the Common Equity Tier 1 Capital at a corresponding rate.

The calculation of the Regulatory Group's Common Equity Tier 1 Capital Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as at the relevant calculation date, the PRA could require the Issuer to reflect such changes in any particular calculation of the Regulatory Group's Common Equity Tier 1 Capital Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's calculations of regulatory capital, including Common Equity Tier 1 and Risk Weighted Assets and the Regulatory Group's Common Equity Tier 1 Capital Ratio.

Because of the inherent uncertainty regarding whether a Trigger Event will occur, it will be difficult to predict when, if at all, a Trigger Event and subsequent Automatic Conversion may occur. Accordingly, the trading behaviour of the Notes is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Trigger Event and subsequent Automatic Conversion may occur can be expected to have a material adverse effect on the liquidity and/or market price of the Notes.

In addition, any of the factors that affect the Regulatory Group's overall capital position, including those mentioned above, may in turn affect the Regulatory Group's capital and leverage resources.

The Regulatory Group's Common Equity Tier 1 Capital Ratio and, more generally, its overall capital position will be affected by the Group's business decisions and, in making such decisions, the Group's interests may not be aligned with those of the Holders

As discussed in "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Common Equity Tier 1 Capital Ratio of the Regulatory Group*" above, the Regulatory Group's Common Equity Tier 1 Capital Ratio and, more generally, its overall respective capital position could be affected by a number of factors, including the Group's decisions relating to its businesses and operations, as well as the management of its capital position. Neither the Issuer nor any member of the Group will have any obligation to consider the interests of the Holders in connection with its strategic decisions, including in respect of its capital management. Holders will not have any claim against the Issuer or any other member of the Group relating to decisions that affect the business and operations of the Group, including the Group's capital position, regardless of whether they result in the occurrence of a Trigger Event or a cancellation of interest payments in respect of the Notes. Such decisions could cause the Holders to lose all or part of the value of their investment in the Notes.

The implementation of regulatory changes to the calculation of common equity tier 1 capital and/or risk weighted assets may negatively affect the Regulatory Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Notes

The Issuer will determine the Regulatory Group's Common Equity Tier 1 Capital and Risk Weighted Assets without applying any relevant transitional provisions then in effect under the Capital Regulations (unless the Capital Regulations otherwise require or permit (explicitly or without restricting) that such transitional provisions are applied for these purposes). As a result, the Regulatory Group's Common Equity Tier 1 Capital Ratio may be lower than it would be if it were calculated applying any relevant transitional provisions.

As at 30 June 2025, the Regulatory Group's Common Equity Tier 1 Capital Ratio was 18.5 per cent. which the Regulatory Group's Total Capital Ratio was 29.1 per cent. The Issuer's interpretation of Capital Regulations and the basis of its determination of the Regulatory Group's Common Equity Tier 1 Ratio may be different from those of other financial institutions. For more information on how this ratio is determined, see the section entitled "*Alternative Performance Measures*" on page 199 of the 2024 Group Financial Statements, which is incorporated by reference into this Offering Circular. For the purposes of the Notes, the calculation by the Issuer of the Regulatory Group's Common Equity Tier 1 Capital Ratio (based on its interpretation of the Capital Regulations) at any time is binding on the Trustee and the Holders of the Notes.

The requirements relating to capital ratios in the Capital Regulations may change, including as a result of further changes to UK CRD and the PRA rules to complete the UK implementation of the remaining Basel III reforms, and/or changes to the way in which the PRA interprets and applies these requirements to UK banks and bank holding companies (including as regards individual model approvals granted by the PRA) and/or changes to the UK capital framework as a result of the UK's withdrawal from the European Union.

Regulatory initiatives may impact the calculation of the Regulatory Group's Risk Weighted Assets, being the denominator of the Common Equity Tier 1 Capital Ratio. For example, the Basel Committee has continued its post-crisis work on risk weighted assets and leverage reform. In December 2017, "*Basel III: Finalising post-crisis reforms*" was published, setting out the Basel Committee's finalisation of the Basel III framework (the "**BCBS package**"). Broadly, the finalised BCBS package aims to: (i) strengthen risk sensitivity and comparability in credit risk by adopting minimum "input" floors for certain metrics; (ii) introduce a standardised approach to credit valuation adjustment risk; (iii) introduce a standardised approach to operational risk; (iv) provide safeguards against unsustainable levels of leverage by adding a leverage ratio buffer for global systemically important banks; and (v) ensure that banks' "output" floors can be calculated as being 72.5 per cent. of total risk weighted assets. In the UK, the PRA published a consultation paper (CP16/22) in November 2022, setting out its proposed rules for the implementation of the Basel III/IV reforms and HM Treasury published a consultation with the proposed secondary legislation to facilitate the implementation of such PRA rules. Following feedback to responses, the PRA published a near-final policy statement (PS17/23) on 12 December 2023, which only partly addressed the subject matter of CP16/22. A second near-final policy was published on 12 September 2024, addressing the remainder of CP16/22 and confirming the implementation date as 1 January 2026, subject to certain transitional provisions. The PRA stated that it does not intend to change the policy or make substantive alterations to these 'near-final' rules before publishing the final rules. The proposed changes affect existing approaches to calculation of risk weights and introduce new limits around the use of internal models to calculate risk weights. In particular, the proposed rules introduce a floor on risk weighted assets that would require firms in scope of the output floor, with internal model permissions, to calculate risk weighted assets for the purposes of compliance with own funds requirements and buffers, as the higher of: (i) the total risk weighted assets calculated using all approaches that they have supervisory approval to use (including internal model approaches); and (ii) 72.5 per cent. of risk weighted assets calculated using only standardised approaches. With regards to the output floor transitional period, the PRA has decided to retain the proposed end-date of 31 December 2029. Therefore, the transitional period will begin on 1 January 2026, with 55 per cent. of risk weighted assets as the initial floor, increasing by 5 per cent. each year until full implementation. However, on 17 January 2025, the PRA announced that it had decided to delay the implementation of the BCBS package in the UK by one year until 1 January 2027, to allow more time for greater clarity to emerge about the plan for its implementation in the U.S. and that it would continue to monitor developments. The PRA noted that, as a result of this delay, the transitional periods in the rules will be reduced to ensure the date of full implementation remains 1 January 2030. Subsequently, on 15 July 2025, the PRA published a consultation paper (CP17/25) proposing a delay in the introduction of the new internal model approach for market risk in the BCBS package until 1 January 2028. These proposals and resulting changes, either individually and/or in aggregate, may lead to further enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

The calculation of the Common Equity Tier 1 Capital Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Accordingly, regulatory changes or accounting changes may have a material adverse impact on our calculations of regulatory capital, including Common Equity Tier 1 Capital and Risk Weighted Assets of the Regulatory Group, and its Common Equity Tier 1 Capital Ratio.

Therefore, any changes that may occur in the application of the regulatory framework described above subsequent to the date of this Offering Circular and/or any subsequent changes to such rules and other variables may individually and/or in the aggregate negatively affect the Regulatory Group's Common Equity Tier 1 Capital Ratio and thus increase the risk of a Trigger Event, which will lead to an Automatic Conversion, as a result of which a Holder could lose all or part of the value of its investment in the Notes.

For further information, see also the risk factor entitled "*The Group is subject to prudential regulatory capital and liquidity requirements and may incur costs in monitoring and complying with these requirements*".

As the Conversion Price is fixed at the time of issue of the Notes, Holders will bear the risk of fluctuations in the market price of the Conversion Shares

Because a Trigger Event will only occur at a time when the Regulatory Group's Common Equity Tier 1 Ratio has deteriorated significantly, a Trigger Event may be accompanied by a deterioration in the market price of the Issuer's ordinary shares, which may be expected to continue after the occurrence of the Trigger Event. Therefore, following a Trigger Event, the realisable value of the Conversion Shares may be below the Conversion Price. The Conversion Price is fixed at the time of issue of the Notes at £0.765 per Conversion Share, and is subject to certain anti-dilution adjustments, as described under "*Holders do not have anti-dilution protection in all circumstances*" below. As a result, the Conversion Price may not reflect the market price of ordinary shares of the Issuer, which could be significantly lower than the Conversion Price.

In addition, there may be a delay in a Holder receiving its Conversion Shares following a Trigger Event (in particular if the Issuer elects that a Conversion Shares Offer be conducted, as the Conversion Shares Offer Period may last up to 40 Business Days after the delivery of the Conversion Shares Offer Notice), during which time the market price of the ordinary shares of the Issuer may further decline.

Issuance of the Conversion Shares to the Conversion Shares Depositary shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Notes

Upon an Automatic Conversion, the Issuer shall issue the Conversion Shares to the Conversion Shares Depositary, which will hold the Conversion Shares on behalf of the Holders. Issuance of the Conversion Shares to the Conversion Shares Depositary shall constitute a complete, irrevocable and automatic release by the Holders of all of the Issuer's obligations in respect of the Notes. Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depositary in accordance with the terms of the Notes, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depositary for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which such Holders are entitled.

In addition, the Issuer has not, as at the Issue Date, appointed a Conversion Shares Depositary and the Issuer may not be able to appoint a Conversion Shares Depositary if an Automatic Conversion occurs. In such a scenario, the Issuer would give notice to the Holders and the Trustee in accordance with the Conditions of any alternative arrangements as it shall consider reasonable in the circumstances in connection with the issuance and/or delivery of the Conversion Shares and such arrangements may be disadvantageous to, and more restrictive on, the Holders. For example, such arrangements may involve Holders having to wait longer to receive their Conversion Shares than would be the case under the arrangements expected to be entered into with a Conversion Shares Depositary. Under these circumstances, the Issuer's issuance of the Conversion Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Notes as if the Conversion Shares had been issued to the Conversion Shares Depositary.

Holders may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period

Holders may not ultimately receive Conversion Shares upon a Trigger Event because the Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary.

The Conversion Shares Offer may be conducted at the election of the Issuer, in its sole and absolute discretion, on the terms set out in the Conditions. The Issuer currently expects that in determining whether or not a Conversion Shares Offer shall be conducted and, if one is to be conducted, how and to whom such Conversion Shares Offer shall be made, the directors of the Issuer would, in accordance with their duties, have regard to a variety of matters, including, without limitation, the interests of the Issuer's shareholders, taken as a whole, and the potential impact of a Conversion Shares Offer on the Issuer's financial stability.

If the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary and all of the Conversion Shares are sold in the Conversion Shares Offer, Holders shall be entitled to receive, in respect of each Note, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note. If some but not all of the Conversion Shares are sold in the Conversion Shares Offer, Holders shall be entitled to receive, in respect of each Note, (a) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note together with (b) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares

Offer attributable to such Note rounded down to the nearest whole number of Conversion Shares. In each case, the cash component of any Conversion Shares Offer Consideration shall be subject to deduction of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of Conversion Shares to the Conversion Shares Depositary as a consequence of the Conversion Shares Offer.

No interest or other compensation is payable in respect of the period elapsed from the Conversion Date to the date of delivery of cash sums or Conversion Shares in the circumstances described above.

Furthermore, the Issuer or the Conversion Shares Depositary will provide notice of the results of any Conversion Shares Offer only at the end of the Conversion Shares Offer Period. Accordingly, Holders would not know the composition of the Conversion Shares Offer Consideration to which they may be entitled until the end of the Conversion Shares Offer Period.

Following an Automatic Conversion, the Notes will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary and the rights of the Holders will be limited accordingly

Following an Automatic Conversion, the Notes will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary. All obligations of the Issuer under the Notes shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient in accordance with the terms of the Notes) on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Notes shall be cancelled on the applicable Cancellation Date.

Although the Issuer currently expects that beneficial interests in the Notes will be transferable between the Conversion Date and the Suspension Date, there is no guarantee that an active trading market will exist for the Notes following the Automatic Conversion. Accordingly, the price received for the sale of any beneficial interest under a Note during this period may not reflect the market price of such Note or the Conversion Shares. Furthermore, transfers of beneficial interests in the Notes may be restricted following the Conversion Date, for example if the clearance and settlement of transactions in the Notes is suspended by a Clearing System at an earlier time than currently expected. In such a situation it may not be possible to transfer beneficial interests in the Notes in such Clearing System and trading in the Notes may cease through such Clearing System.

In addition, the Issuer expects that each of the Clearing Systems will suspend all clearance and settlement of transactions in the Notes on the Suspension Date. As a result, Holders will not be able to settle the transfer of any Notes through such Clearing System following the Suspension Date, and any sale or other transfer of the Notes that a Holder may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle after the Suspension Date will be rejected by such Clearing System and will not be matched or settled through such Clearing System.

The Notes may cease to be admitted to trading on the ISM before or after the Suspension Date.

Moreover, although the Holders will become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depositary and the Conversion Shares will be registered in the name of the Conversion Shares Depositary (or the relevant recipient in accordance with the terms of the Notes), no holder will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such holder and registered in their name.

Holders will have to submit a Conversion Shares Settlement Notice in order to receive delivery of the Conversion Shares or the Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable

In order to obtain delivery of the relevant Conversion Shares or the Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a Holder must deliver a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) to the Conversion Shares Depositary. The Conversion Shares Settlement Notice must contain certain information, including the holder's CREST

account details. Accordingly, Holders (or their nominee, custodian or other representative) will have to have an account with CREST in order to receive the Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable. If a Holder fails to properly complete and deliver a Conversion Shares Settlement Notice on or before the Notice Cut-off Date, the Conversion Shares Depositary shall continue to hold the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration until a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) is (or are) so delivered. However, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration). The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration) or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Notes, if applicable, on a timely basis or at all.

Holders do not have anti-dilution protection in all circumstances

The number of Conversion Shares to be issued to the Conversion Shares Depositary upon an Automatic Conversion will be the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date divided by the Conversion Price prevailing on the Conversion Date (rounded down to the nearest whole number of Conversion Shares). The Conversion Price will be adjusted if there is a consolidation, reclassification or subdivision of the Issuer's ordinary shares, an issuance of ordinary shares in certain circumstances by way of capitalisation of profits or reserves, a rights issue, an Extraordinary Dividend or a Qualifying Takeover Event (but only in the situations and only to the extent provided in Condition 10 (*Adjustments to the Conversion Price*)). There is no requirement that there should be an adjustment for every corporate or other event that may affect the market price of the Conversion Shares. Furthermore, the adjustment events that are included are less extensive than those often included in the terms of voluntarily convertible securities. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Notes.

If a Takeover Event occurs, the Notes may be convertible into shares in an entity other than the Issuer

If a Takeover Event is a Qualifying Takeover Event (and, on the Conversion Date, the shares of the Acquirer continue to be Approved Entity Shares), then following an Automatic Conversion the Notes shall become convertible or exchangeable into the Approved Entity Shares of the Acquirer at the New Conversion Price as provided under Condition 10(e) (*Adjustments to the Conversion Price – Qualifying Takeover Event*). There can be no assurance as to the nature of any such Acquirer, that shares designated as Approved Entity Shares will continue to be Approved Entity Shares on the Conversion Date (and as such, whether a Qualifying Takeover Event shall remain a Qualifying Takeover Event), or of the risks associated with becoming an actual or potential shareholder in such Acquirer and, accordingly, a Qualifying Takeover Event may have an adverse effect on the value of the Notes.

In addition, the Issuer has considerable discretion in determining whether a Qualifying Takeover Event has occurred. A Qualifying Takeover Event requires the New Conversion Condition to be satisfied. For the New Conversion Condition to be satisfied, among other requirements, the Issuer must determine, in its sole and absolute discretion, that the arrangements to deliver Approved Entity Shares following an Automatic Conversion are in place and that such arrangements would be in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the Holders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body). Therefore, the Issuer may consider factors other than the interests of Holders in determining whether the New Conversion Condition is satisfied.

There can be no assurance that a Takeover Event will be a Qualifying Takeover Event or that the Acquirer's Shares will continue to be Approved Entity Shares after the Issuer has determined that a Qualifying Takeover Event has occurred.

Further, a Takeover Event shall occur only where the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in an Acquirer (together with any associate). There can be no assurance that the acquisition by an Acquirer

of the right to cast 50 per cent. or less of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer will not have an adverse effect on the value of the Notes.

In the case of a Takeover Event that is not a Qualifying Takeover Event (including if that is because the Acquirer is a Governmental Entity or because on the Conversion Date the Acquirer's Shares are not Approved Entity Shares), with effect from the occurrence of the Takeover Event (or the date on which the Acquirer's Shares cease to be Approved Entity Shares) outstanding Notes shall not be subject to Automatic Conversion into shares of the Acquirer at any time notwithstanding that a Trigger Event may occur subsequently but instead, upon the occurrence of a subsequent Trigger Event (if any) (or where the Conversion Date occurs on or after the date of such Takeover Event) the Notes shall be converted into ordinary shares in the Issuer in accordance with Condition 9(a) (*Automatic Conversion – Automatic Conversion on a Trigger Event*) as if no Takeover Event had occurred. If the Issuer's ordinary shares become delisted following a Takeover Event which is not a Qualifying Takeover Event or otherwise, there shall be no automatic adjustment to the terms of the Notes and the Notes will remain convertible into unlisted ordinary shares upon an Automatic Conversion. Unlisted shares may be more illiquid than listed shares and may have little or no resale value. Accordingly, a Takeover Event that is not a Qualifying Takeover Event is likely to have an adverse effect on Holders or the value of the Notes.

Holders may be subject to disclosure obligations, takeover requirements and/or may need approval from the Issuer's regulator under certain circumstances

As the Holders may receive Conversion Shares if a Trigger Event occurs, an investment in the Notes may result in Holders having to comply with certain disclosure, take-over and/or regulatory approval requirements pursuant to applicable laws and regulations following an Automatic Conversion. For example, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, the Issuer (and the FCA) must be notified by a person when the percentage of voting rights in the Issuer controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches, exceeds or falls below 3 per cent. and every percentage point thereafter.

Furthermore, as Conversion Shares represent voting securities of a parent undertaking of regulated group entities, under the laws of the UK and other jurisdictions, ownership of the Notes themselves (or the Conversion Shares) above certain levels may require the holder of the voting securities to obtain regulatory approval or subject the holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrence of substantial fines or other criminal and/or civil penalties and/or suspension of voting rights associated with the Conversion Shares. Accordingly, each potential investor should consult its legal advisers as to the terms of the Notes, in respect of its existing shareholding and the level of holding it would have if it receives Conversion Shares following a Trigger Event.

Prior to the Conversion Date, Holders will not be entitled to any rights with respect to the Issuer's ordinary shares, but will be subject to all changes made with respect to the Issuer's ordinary shares

Any pecuniary and other rights with respect to Conversion Shares, in particular the entitlement to dividends shall only arise and the exercise of voting rights and certain other rights related to any Conversion Shares is only possible after the issue, registration and delivery of the Conversion Shares on the Conversion Date to the Conversion Shares Depositary (or the relevant recipient) in accordance with the provisions of, and subject to the limitations provided in, the articles of association of the Issuer and under Condition 9 (*Automatic Conversion*). Prior to such issuance, registration and delivery, Holders will be subject to all changes made with respect to the Issuer's ordinary shares.

As a result of Holders receiving Conversion Shares upon the occurrence of a Trigger Event, they are particularly exposed to changes in the market price of the Issuer's ordinary shares and regulatory action by the Resolution Authority

In general, investors in convertible or exchangeable securities may seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities. Prospective investors in the Notes may look to sell ordinary shares of the Issuer in anticipation of taking a position in, or whilst holding, the Notes. This could drive down the price of the Issuer's ordinary shares. Since the Notes will mandatorily convert into Conversion Shares upon the occurrence of a Trigger Event,

the price of the Issuer's ordinary shares may be more volatile if the Issuer is trending toward a Trigger Event.

In addition, any holders of Conversion Shares issued upon the occurrence of a Trigger Event will be subject to the powers of the Resolution Authority in respect of their holding of Conversion Shares – see "*The exercise by the Resolution Authority of a variety of statutory powers could materially adversely affect the value of the Notes*" below.

The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes

The tools and powers described below are in addition to the operation of the Automatic Conversion upon the occurrence of a Trigger Event pursuant to the Conditions and could be exercised by the relevant authorities at any time if the relevant pre-conditions are met (including before a Trigger Event occurs).

(i) *The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company such as the Issuer*

Under the Banking Act, substantial powers are granted to the relevant authorities in the UK as part of a special resolution regime (the "**SRR**"). These powers can be exercised, as applicable, by the relevant authorities in respect of a relevant entity (such as the Issuer), in circumstances in which the relevant authorities are satisfied that the relevant pre-conditions are met.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The Banking Act also provides for additional insolvency and administration procedures for relevant entities and for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Notes), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the resolution authority to disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

There is a risk that such measures will be used in respect of the Issuer or Vanquis Bank, and if such measures were used, they may have an impact on the Issuer's ability to make payments of interest and principal on the Notes, or may directly impact Holders' rights by transferring, cancelling or modifying the rights of Holders under the Notes or by writing down, bailing in or converting the Notes into equity, leading to the Holders losing some or all of the value of their investment in the Notes or being unable to receive interest or principal on the Notes.

Holders should assume that, in a resolution situation, public financial support will only be available to a relevant entity as a last resort after the relevant resolution authorities have assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool.

The exercise of any resolution power or any suggestion of any such exercise could adversely impact the Issuer's ability to fulfil its obligations under the Notes, materially adversely affect the value of any Notes and could lead to Holders losing some or all of the value of their investment in the Notes.

(ii) *If the Issuer becomes subject to modified insolvency proceedings, Holders may lose all or some of their investment in the Notes*

As at the date of this Offering Circular, the resolution strategy for the Issuer set by the Bank of England is modified insolvency under Part 2 of the Banking Act. This is based on the Group having fewer than 40,000 'transactional accounts' (an account used at least nine times in the three months prior to an annual monitoring date), a balance sheet of less than £15 billion and the Group not providing critical functions which may justify the use of resolution tools. The failure of the Group is unlikely to cause disruption to the

wider UK financial system. However, in accordance with the Bank of England's policy, the actual approach taken to resolve any institution will depend on the circumstances at the time of its failure. In addition, the Issuer's resolution strategy may change in the future.

Where the relevant statutory conditions for the commencement of modified insolvency proceedings under the Banking Act are met, the relevant UK resolution authority would be expected to apply to the court for the Issuer to enter modified insolvency under Part 2 of the Banking Act at the point of failure. If the Issuer is so liquidated, Holders may lose all or some of their investment in the Notes. See "*The Issuer is a holding company, so the Notes are structurally subordinated*" and "*The Notes will be subordinated to most of the Issuer's liabilities and the rights of any holders of Conversion Shares will be further subordinated*".

(iii) *Resolution powers triggered prior to insolvency may not be anticipated and Holders may have only limited rights to challenge and/or seek a suspension or review of the exercise of such powers*

The resolution powers conferred by the SRR are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the resolution powers is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers, it is uncertain how the relevant UK resolution authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power.

The relevant UK resolution authority is also not required to provide any advance notice to Holders of its decision to exercise any resolution power. Therefore, Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the Notes. Furthermore, Holders may have only limited rights to challenge and/or seek a suspension of any decision of the relevant UK resolution authority to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

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

If the Issuer or any member of the Group was made subject to the SRR and a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Notes) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it may be unable to make payments in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Holders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Holders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

(v) *The relevant UK resolution authority may exercise the bail-in tool in respect of the Issuer and the Notes, which may result in Holders losing some or all of their investment*

Where the relevant statutory conditions for use of the bail-in tool have been met, the resolution authority could elect to exercise the bail-in tool and in doing so, it would be expected to exercise these powers without the consent of the Holders. The Banking Act specifies the order in which the bail-in tool should be applied reflecting the hierarchy of capital instruments under applicable UK legislation and rules and otherwise respecting the hierarchy of claims in an ordinary insolvency. Any such exercise of the bail-in tool in respect of the Issuer and the Notes may result in the cancellation of all, or a portion, of the nominal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of the Notes into shares or other notes or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Notes.

The exercise of the bail-in tool in respect of the Issuer and the Notes or any suggestion of any such exercise could materially adversely affect the rights of the Holders, the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes and could lead to Holders losing some or all of the value of their investment in such Notes. The bail-in tool contains an express safeguard (known as 'no creditor worse off') with the aim that shareholders and creditors do not receive a

less favourable treatment than they would have received in ordinary insolvency proceedings. However, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution and there can be no assurance that Holders would recover such compensation promptly.

(vi) *Mandatory write-down and conversion of capital instruments may affect the Notes*

In addition to the powers granted under the SRR (as described under the risk factor titled "*The Banking Act confers substantial powers on a number of UK authorities designed to enable them to take a range of actions in relation to UK deposit taking institutions which are considered to be at risk of failing. In certain circumstances, such actions may also be taken against a UK banking group company such as the Issuer*" below), the Banking Act grants the power to the Bank of England (or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise a UK resolution power) (the "**resolution authority**") to cancel, transfer or dilute any common equity tier 1 instruments, and to permanently write-down, or convert into equity, any additional tier 1 capital instruments (such as the Notes), tier 2 capital instruments and internal eligible liabilities, at the point of non-viability of a relevant entity (such as the Issuer) (a "**relevant entity**") and before, or together with, the exercise of any resolution powers conferred by the SRR (except in the case where the bail-in tool is to be utilised for other liabilities, in which case such capital instrument or internal eligible liabilities would be cancelled, written down or converted into equity pursuant to the exercise of the bail-in tool, as described above, rather than the mandatory write-down and conversion power).

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

Holders of the Notes may be subject to write-down or conversion into equity on application of mandatory write-down and conversion powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment. The "no creditor worse off" safeguard would not apply in relation to an application of such powers to capital instruments (such as the Notes) in circumstances where resolution powers are not also exercised.

The exercise of such mandatory write-down and conversion power under the Banking Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders of the Notes, the price or value of their investment in such Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. See "*The Issuer is a holding company, so the Notes are structurally subordinated*" for a description of the rights of the Issuer to participate in the assets of its subsidiaries and the effect of the exercise of such mandatory write-down and conversion power in respect of such subsidiaries.

Holders agree to be bound by the exercise of any UK Bail-in Power by the Resolution Authority

In recognition of the resolution powers granted by law to the Resolution Authority, by acquiring the Notes, each Holder acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of the UK Bail-in Power and acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of any UK Bail-in Power by the Resolution Authority, that may result in (i) the reduction of all, or a portion, of the Amounts Due; (ii) the conversion of all, or a portion, of the Amounts Due on the Notes into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes; (iii) the cancellation of the Notes; (iv) the amendment of the amount of interest that may be payable on the Notes, or the dates on which interest may become payable, including by suspending payment for a temporary period. Each Holder further acknowledges, accepts, consents and agrees to be bound by the variation of the terms of the Notes, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

Accordingly, the UK Bail-in Power may be exercised in such a manner as to result in Holders losing all or a part of the value of their investment in the Notes or receiving a different security from the Notes, which may be worth significantly less than the Notes and which may have significantly fewer protections than

those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the UK Bail-in Power without providing any advance notice to, or requiring the consent of, the Holders. In addition, under the Conditions, the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes is not an event of default or Default (as defined in the Trust Deed). See also "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*" above.

Limited gross-up obligation in respect of the Notes

Pursuant to the Conditions, the Issuer's obligation to pay additional amounts on the Notes in respect of any withholding or deduction in any Relevant Jurisdiction applies only to payments of interest on the Notes and not to payments of principal in respect of the Notes. As such, the Issuer would not be required to pay any additional amounts to the extent any such withholding or deduction is applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal in respect of any Notes, Holders shall only be entitled to the net amount of such payment after deduction of the amount required to be withheld or deducted. The market value of such Notes may be adversely affected as a result.

The Notes are unrated

The Notes are unrated as of the date of this Offering Circular but may in the future be rated by independent credit rating agencies (including on an unsolicited basis), although the Issuer is under no obligation to ensure that the Notes are rated by any credit rating agency. Investors will need to make their own assessment of the credit of the Issuer and the other factors which may affect the value of the Notes without the benefit of an independent credit rating.

There can be no guarantee that a credit rating will be assigned to the Notes in the future. Even if such a credit rating is obtained, it may be lower than expected by investors or than if another credit rating agency had assigned a credit rating. It is also possible for credit rating agencies to assign ratings on an unsolicited basis, without the benefit of access to full information regarding the Issuer. In addition, investors should be aware that credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and any credit rating that may be assigned to the Notes may be subject to suspension, change or withdrawal at any time by the credit rating agency.

Any rating assigned to the Issuer and/or (if solicited by the Issuer in the future) the Notes may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Group's key markets; the level of political support for the industries in which the Group operates; and legal and regulatory frameworks affecting the Issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to an issuer within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting the Issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to the Issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or (if solicited by the Issuer in the future) the Notes, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or the Notes on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value or index eligibility of the Notes (whether or not the Notes had an assigned rating prior to such event). Moreover, any decision by a credit rating agency to assign a new rating to the Issuer and/or, if applicable, the Notes (be it solicited or unsolicited), may adversely affect the liquidity, market value or index eligibility of the Notes (whether or not the Notes had an assigned rating prior to such event).

Furthermore, as a result of the EU CRA Regulation, if the status of a rating agency rating the Notes changes or the rating is not endorsed by a credit rating agency registered under the EU CRA Regulation, European regulated investors may no longer be able to use the rating for regulatory purposes. Similarly and as a result of the UK CRA Regulation, if the status of a rating agency rating the Notes changes or the rating is not endorsed by a credit rating agency registered under the UK CRA Regulation, UK regulated investors may no longer be able to use a rating for regulatory purposes. In both cases, any such change could cause the Notes to be subject to different regulatory treatment. This may result in such European regulated investors or UK regulated investors, as applicable, selling the Notes, which may impact the value of the Notes and any secondary market.

The Notes are not expected to be investment grade and are subject to the risks associated with non-investment grade securities

The Notes, upon issuance, are not expected to be investment grade securities, and as such will be subject to a higher risk of price volatility than higher-rated securities. Furthermore, increases in leverage or deteriorating outlooks for the Issuer, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the Notes.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Conditions are based on English law in effect as at the date of this Offering Circular. 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 Offering Circular and any such change could materially adversely impact the value of the Notes. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the Notes.

In addition, any change in law or regulation that triggers a Tax Event or a Capital Disqualification Event would entitle the Issuer, at its option (subject to, amongst other things, receipt of the prior permission of the PRA (if such consent is then required by the prevailing prudential requirements)), to redeem, substitute or vary the Notes, in whole but not in part, as provided under Condition 8(c) (*Redemption and Purchase; Substitution and Variation – Redemption for regulatory reasons*) or Condition 8(d) (*Redemption and Purchase; Substitution and Variation – Redemption for tax reasons*) or Condition 8(f) (*Redemption and Purchase; Substitution and Variation – Substitution or Variation*), as the case may be, and Condition 8(h) (*Redemption and Purchase; Substitution and Variation – Conditions to redemption, purchase, substitution and variation*).

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

The changes following the implementation of the BCBS package in the UK may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes. Investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above) and the relevant implementing measures.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny (for example, the enactment in the UK of the Financial Services and Markets Act 2023 and the Retained EU Law (Revocation and Reform) Act 2023) which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the Holders, which could be material. See also "*The exercise by the relevant resolution authority of a variety of statutory powers could materially adversely affect the value of the Notes*" and "*The Group is subject to significant and many forms of legal and regulatory risks in conducting its business in the UK*".

There is no active trading market for the Notes

The Notes are new securities for which no active trading market may develop. 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 and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to trading on the ISM, there is no assurance that such application will be accepted or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes. In addition, liquidity may be limited if large allocations of the Notes are made to a limited number of investors. There can be no assurance that events in the United Kingdom or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Notes or that economic and market conditions will not have any other adverse effect on the Notes.

Because the Global Certificate will be held by or on behalf of the Clearing Systems, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Certificate, except in certain limited circumstances described in the Global Certificate. The Global Certificate will be registered in the name of a nominee for, and deposited with, the common depositary for the Clearing Systems. Individual Certificates evidencing holdings of Notes will only be available in certain limited circumstances. The Clearing Systems maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depositary for the Clearing Systems for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the Clearing Systems to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Notes. Instead, such holders are permitted to act only to the extent that they are enabled by the Clearing Systems to appoint appropriate proxies.

Minimum Denomination

As the Notes will have a minimum denomination of £200,000 and integral multiples of £1,000 in excess thereof, it is possible that the Notes may be traded in amounts in excess of £200,000 (or its equivalent) that are not integral multiples of £200,000 (or its equivalent). In such case a Holder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive an Individual Certificate in respect of such holding (should Individual Certificates be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes such that its holding amounts to the minimum denomination.

The Trust Deed will contain provisions which may permit modification of the Notes without the consent of all Holders and confer significant discretions on the Trustee which may be exercised without the consent of the Holders and without regard to the individual interests of particular Holders, including the substitution of the Issuer

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Holders as a class (but shall not have regard to any interests arising from circumstances particular to individual Holders whatever their number).

The Trust Deed will contain provisions permitting modifications and amendments to the Notes without the consent of the Holders and with the consent of a specified quorum and majority of the outstanding Notes in other circumstances. Valid resolutions passed by such Holders will bind all Holders including those Holders that did not attend and vote at the relevant meeting and those Holders who voted in a manner

contrary to the majority. See also "*Substitution or Variation of the Notes upon the Occurrence of a Capital Disqualification Event or Tax Event*".

The Conditions also provide that (subject to prior notice or consent of the PRA (if so required by the Capital Regulations), which is not revoked by the relevant date of modification or waiver) the Trustee may subject as provided in the Trust Deed, without the consent of Holders, agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes and to the substitution of the Issuer.

Furthermore, the Trustee may, without the consent of the Holders but subject to PRA Permission (which is not revoked by the relevant substitution date) and other conditions set out in Condition 16 (*Meetings of Holders, Modification, Waivers and Substitution – Substitution of the Issuer*), agree with the Issuer the substitution in place of the Issuer (or of any previous substitute) as principal debtor under the Notes of any Subsidiary of the Issuer.

In addition, pursuant to Condition 6(h) (*Interest - Benchmark Replacement*) certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Holders.

No assurance can be given as to the impact of any such modifications, amendments, waivers or substitution of the Issuer as described above or whether any such modification, amendments, waivers or substitution could materially adversely impact the value of the Notes.

Exchange rate risks and exchange controls

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

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes substantially as they will appear in the trust deed constituting the Notes.

The £60,000,000 10.875 per cent. Fixed Rate Reset Perpetual Subordinated Contingent Convertible Notes (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 18 (*Further Issues*) which are consolidated and form a single series with the Notes) of Vanquis Banking Group plc (the "**Issuer**") are constituted by a trust deed dated 1 October 2025 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") made between the Issuer and M&G Trustee Company Limited (the "**Trustee**", which expression shall include all persons from time to time being trustee or trustees appointed under the Trust Deed) as trustee for the Holders.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the agency agreement dated 1 October 2025 (as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, the Registrar and the other Agents and the Trustee (i) are available for inspection during normal business hours by prior arrangement by the Holders at the registered office for the time being of the Trustee or (ii) may be provided by email to a Holder following its prior written request to the Trustee or the Principal Paying Agent, in each case upon provision of proof of holding of Notes and identity (in a form satisfactory to the Trustee or the Principal Paying Agent, as applicable). The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

The Notes are issued in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof (each, an "**Authorised Denomination**").

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

Title to the Notes shall pass by registration in the register of the Holders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any 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, "**Holder**" means the person in whose name a Note is registered in the register of Holders (or, in the case of a joint holding, the first named thereof).

2. TRANSFER OF NOTES

(a) *Transfer of Notes*

One or more Notes may, subject to Condition 2(d) (*Closed Periods*), be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such 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; **provided, however, that** a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. A new Certificate shall be issued to the transferee in respect of the Notes the subject of the relevant transfer and, in the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate in respect of the balance of the Notes not transferred shall be issued to the transferor. In

the case of a transfer of Notes to a person who is already a Holder of Notes, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. 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 Holder upon request.

(b) *Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a) (*Transfer of Notes*) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the relevant Certificate. Delivery of 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 and surrender of such form of transfer and Certificate or, as the case may be, surrender of such Certificate, shall have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b) (*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 Register (as the case may be).

(c) *Transfers Free of Charge*

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

(d) *Closed Periods*

No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the date fixed for redemption of the Notes pursuant to Condition 8 (*Redemption and Purchase; Substitution and Variation*), (ii) at any time after the second Business Day following the giving of an Automatic Conversion Notice by the Issuer or (iii) during the period of seven days ending on (and including) any Record Date.

3. STATUS

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves. In the event of a Winding Up or Qualifying Procedure, the rights and claims of the Holders in respect of or arising from the Notes (including any damages (if payable)) are subordinated to the claims of Senior Creditors.

4. SUBORDINATION

(a) *Solvency Condition*

Except in a Winding Up or Qualifying Procedure and subject to the right or obligation of the Issuer to cancel payments under Condition 6(a) (*Cancellation of interest*) and the provisions of Condition 9 (*Automatic Conversion*), all payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer and no payments shall be due and payable in respect of or arising from the Notes (and any such payments will be deemed cancelled) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the "**Solvency Condition**").

In these Conditions, the Issuer shall be considered to be solvent at a particular time if (x) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (y) the Balance Sheet Condition has been met.

The "**Balance Sheet Condition**" shall be satisfied in relation to the Issuer if the value of its assets is at least equal to the value of its liabilities (taking into account its contingent and prospective liabilities), according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is "unable to pay its debts" under section 123(2) of the Insolvency Act or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised).

A certificate as to the solvency of the Issuer signed by two Authorised Signatories shall, be treated and accepted by the Trustee and the Holders as correct, conclusive and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

Any payment of interest not due by reason of this Condition 4(a) (*Solvency Condition*) shall be deemed cancelled as provided in Condition 6(a) (*Cancellation of interest*).

(b) *No set-off*

Subject to applicable law, no Holder may exercise or claim or plead any right of set-off, compensation, retention or netting in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with, the Notes or the Trust Deed and each Holder will, by virtue of their holding of any Note, be deemed, to the fullest extent permitted by applicable law, to have waived all such rights of set-off, compensation, retention and netting. Notwithstanding the preceding sentence, if any of the amounts due and payable to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off, compensation, retention or netting, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of a Winding Up or Qualifying Procedure, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

(c) *Effect on the Trustee*

As stated in further detail in Condition 17(e) (*Trustee's remuneration, liability etc*), the provisions of this Condition 4 (*Subordination*) apply only to the principal and interest and any other amounts payable in respect of the Notes and nothing in this Condition 4 (*Subordination*) or in Conditions 5 (*Winding Up or Qualifying Procedure*), 7 (*Payments*) or 13 (*Enforcement events and remedies*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

5. WINDING UP OR QUALIFYING PROCEDURE

(a) *Winding Up or Qualifying Procedure occurring prior to a Trigger Event*

If:

(i) an order is made, or an effective resolution is passed, for the winding up of the Issuer (except, in any such case, a solvent winding up solely for the purposes of a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by the Trustee or by an Extraordinary Resolution) (a "**Winding Up**");

(ii) an administrator has been appointed in respect of the Issuer and has given notice that he/she intends to declare and distribute a dividend; or

(iii) a liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) is commenced in respect of the Issuer (any procedures in these paragraphs (ii) and (iii) are a "**Qualifying Procedure**"),

prior to the occurrence of a Trigger Event, there shall be payable by the Issuer in respect of each Note (in lieu of any other payment by the Issuer, but subject as provided in this Condition 5(a) (*Winding Up or Qualifying Procedure occurring prior to a Trigger Event*)), such amount, if any, as would have been payable to the Holder if, on the day prior to the commencement of the Winding Up or Qualifying Procedure and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Issuer ("**Notional Preference Shares**") ranking *pari passu* as to a return of assets on a Winding Up or Qualifying Procedure with holders of Parity Securities and the holders of the most senior class or classes of preference shares (if any) from time to time issued or which may be issued by the Issuer which have a preferential right to a return of assets in the Winding Up or Qualifying Procedure over, and so rank ahead of, all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, on the assumption that the amount that such Holder was entitled to receive in respect of each Notional Preference Share on a return of assets in such Winding Up or Qualifying Procedure was an amount equal to the principal amount of the relevant Note and any accrued but unpaid interest thereon (provided not otherwise cancelled in accordance with these Conditions) and any damages awarded for breach of any obligations in respect of such Note (and, in the case of an administration, on the assumption that such preference shareholders were entitled to claim and recover in respect of their preference shares to the same degree as in a Winding Up).

(b) *Winding Up or Qualifying Procedure occurring together with or after the occurrence of a Trigger Event*

If a Winding Up or Qualifying Procedure occurs on or after the date on which a Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such Winding Up or Qualifying Procedure, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such Winding Up or Qualifying Procedure.

6. INTEREST

(a) *Cancellation of interest*

(i) *Mandatory cancellation of interest- insufficient Distributable Items*

The Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that such Interest Amount (or part thereof), when aggregated together with (A) all distributions or interest payments which have been made or declared by the Issuer since the end of the last financial year or which are required to be paid or made during the then current financial year on or in respect of any Parity Securities, the Notes and any Junior Securities and (B) all distributions or interest payments payable by the Issuer (and not cancelled) on such Interest Payment Date (x) on the Notes and (y) on or in respect of any Parity Securities or any Junior Securities (without double counting and excluding any such distributions or interest payments which have already been provided for, by way of deduction, in calculating the amount of Distributable Items), exceeds the amount of the Distributable Items of the Issuer as at such Interest Payment Date.

The Issuer shall be responsible for determining compliance with the restrictions above and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(ii) *Mandatory cancellation of interest – Maximum Distributable Amount*

To the extent required to do so under the then prevailing Capital Regulations, the Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such

Interest Amount (or part thereof) will be cancelled if and to the extent that such Interest Amount (or part thereof) would cause, when aggregated together with other distributions of the kind referred to in Rule 4.3(2) of chapter 4 of the "*CRR Firms – Capital Buffers*" part of the PRA Rulebook ("**Chapter 4**") (or any succeeding or analogous rules amending or replacing such rule), the Maximum Distributable Amount (if any) then applicable to the Regulatory Group to be exceeded. "**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Regulatory Group required to be calculated in accordance with Chapter 4 (or any succeeding or analogous Capital Regulations amending or replacing such chapter). The Issuer shall be responsible for determining compliance with the restrictions above and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(iii) *Mandatory cancellation of interest – PRA order*

The Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that the PRA orders the Issuer to cancel such payment.

(iv) *Mandatory cancellation of interest – Solvency Condition*

The Issuer shall not pay any Interest Amount (or part thereof) on an Interest Payment Date and such Interest Amount (or part thereof) will be cancelled to the extent that the Solvency Condition is not satisfied in respect of such Interest Amount (or part thereof).

The Issuer shall be responsible for determining compliance with the restrictions above and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(v) *Discretionary cancellation of interest*

Interest on the Notes is due and payable only at the sole discretion of the Issuer. In addition and subject to the mandatory non-payment of interest pursuant to Condition 4(a) (*Solvency Condition*), the foregoing provisions of this Condition 6(a) (*Cancellation of interest*) and Condition 9 (*Automatic Conversion*), the Issuer may at all times and for any reason elect at its full and absolute discretion to cancel (in whole or in part) the Interest Amount that would otherwise be payable on any Interest Payment Date.

(vi) *Non-payment of interest sufficient evidence of cancellation*

If the Issuer does not pay an Interest Amount or part thereof on the relevant Interest Payment Date, such non-payment shall evidence either the non-payment and cancellation of such Interest Amount (or relevant part thereof) by reason of it not being due in accordance with Condition 4(a) (*Solvency Condition*), the cancellation of such Interest Amount (or relevant part thereof) in accordance with this Condition 6(a) (*Cancellation of interest*) or with Condition 9 (*Automatic Conversion*) or, as appropriate, the Issuer's exercise of its discretion to cancel such Interest Amount (or relevant part thereof) in accordance with Condition 6(a)(v) (*Discretionary cancellation of interest*), and accordingly such interest shall not in any such case be due and payable.

If the Issuer provides notice to cancel a part, but not all, of an Interest Amount and the Issuer subsequently does not make a payment of any remaining part of such Interest Amount on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining part of the Interest Amount, and accordingly such remaining portion of the Interest Amount shall also not be due and payable.

(vii) *Notice of cancellation of interest*

The Issuer shall provide notice of any cancellation of an Interest Amount (or part thereof) to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least

five Business Days prior to the relevant Interest Payment Date. Any delay in giving or failure to provide such notice shall not affect the cancellation of any Interest Amount (or any part thereof) by the Issuer and shall not constitute a default for any purpose.

(viii) *Interest non-cumulative*

The non-payment or cancellation of any Interest Amount (or any part thereof) in accordance with Condition 4(a) (*Solvency Condition*), this Condition 6(a) (*Cancellation of interest*) or Condition 9 (*Automatic Conversion*) shall not constitute a default for any purpose (including, without limitation, Condition 13 (*Enforcement Events and Remedies*)) on the part of the Issuer. Interest payments cancelled or not made shall not be due and shall not be payable at any time thereafter and thus are non-cumulative. Holders shall have no right to any cancelled (or unpaid) Interest Amount or to receive any additional interest or compensation as a result of such cancellation or non-payment, whether under the Notes or the Trust Deed, on a Winding Up, Qualifying Procedure or otherwise. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due and the cancellation of any Interest Amount (or part thereof) will not impose any restrictions on the Issuer nor prevent or restrict the Issuer from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

(b) *Interest Rate and Interest Payment Dates*

The Notes bear interest on their outstanding principal amount:

(i) from and including the Issue Date to but excluding 1 May 2031 (the "**First Reset Date**"), at the rate of 10.875 per cent. per annum (the "**Initial Interest Rate**"); and

(ii) thereafter, at the relevant Reset Interest Rate,

which interest is, in each case, payable, subject to Conditions 4(a) (*Solvency Condition*), 6(a) (*Cancellation of interest*), 7 (*Payments*) and 9 (*Automatic Conversion*), semi-annually in arrear on 1 May and 1 November of each year (each an "**Interest Payment Date**"), except that the first Interest Payment Date (being 1 November 2025) is in respect of the period beginning on (and including) the Issue Date and ending on (but excluding) 1 November 2025 (and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall, subject to Conditions 4(a) (*Solvency Condition*), 6(a) (*Cancellation of interest*), 7 (*Payments*) and 9 (*Automatic Conversion*) be £9.16). The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**".

(c) *Calculation of interest*

Interest in respect of any Note shall be calculated per Calculation Amount. Subject to the paragraph below, the amount of interest payable (subject to Conditions 4(a) (*Solvency Condition*), 6(a) (*Cancellation of interest*), 7 (*Payments*) and 9 (*Automatic Conversion*)) in respect of a Note for any period of time shall be calculated by (i) determining the product of the Calculation Amount, the relevant Interest Rate and the Day Count Fraction for the relevant period, (ii) rounding the resultant figure to the nearest penny (half a penny being rounded upwards) and (iii) multiplying that rounded figure by a fraction the numerator of which is the principal amount of such Note and the denominator of which is the Calculation Amount.

(d) *Reset Interest Rate*

The "**Reset Interest Rate**" in respect of any Reset Period will be the rate of interest determined by the Agent Bank on the relevant Reset Determination Date as the sum of:

(i) the Mid-Market Swap Rate in respect of the Reset Period (expressed as a rate per annum); and

(ii) the Margin,

converted to a semi-annual rate in accordance with market convention as instructed by the Issuer (rounded to three decimal places, with 0.0005 rounded down), and includes any replacement or fallback interest rate determined in accordance with these Conditions.

In these Conditions (except where otherwise defined), the expression:

"**Business Day**" means a day which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

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

"**Margin**" means 7.344 per cent. per annum;

"**Mid-Market Swap Rate**" means, in relation to a Reset Date and the related Reset Determination Date:

(i) the annual sterling mid-market swap rate with a term of five years where the floating leg pays daily compounded SONIA annually, which is calculated and published by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) and appearing on the Bloomberg screen page BPISDS05 (or such other page as may replace such page on Bloomberg, or such other information service as may be nominated or authorised by the person providing or sponsoring the information appearing on such page for purposes of displaying comparable rates) (the "**Relevant Screen Page**") at approximately 11.00 a.m. (London time) on the relevant Reset Determination Date, as determined by the Agent Bank; and

(ii) if the Relevant Screen Page is not available or such swap rate does not appear on the Relevant Screen Page at such time on such Reset Determination Date, in circumstances other than those in which Condition 6(h) (*Benchmark Replacement*) applies, then the Mid-Market Swap Rate shall be the Reset Reference Bank Rate on such Reset Determination Date;

"**Reset Determination Date**" means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

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

"**Reset Reference Banks**" means the principal office in London of four major banks in the sterling swap, money, securities or other market most closely connected with the relevant Mid-Market Swap Rate, as selected by the Issuer on the advice of an investment bank of international repute;

"**Reset Reference Bank Rate**" means, in relation to a Reset Date and the related Reset Determination Date, the percentage rate determined by the Agent Bank on the basis of the Five-year Mid-Market Swap Rate Quotations provided by each of the Reset Reference Banks at approximately 11:00 a.m. (London time) on the relevant Reset Determination Date (or thereafter on such date), rounded, if necessary, to the nearest 0.001 per cent. (with 0.0005 per cent. being rounded upwards). If at least three Five-year Mid-Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean

of such Five-year Mid-Market Swap Rate Quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two Five-year Mid-Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of such Five-year Mid-Market Swap Rate Quotations. If only one Five-year Mid-Market Swap Rate Quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no Five-year Mid-Market Swap Rate Quotations are provided, the Reset Reference Bank Rate will be (i) in respect of the Reset Reference Bank Rate determined in respect of the First Reset Date, 3.800 per cent. per annum or (ii) in respect of the Reset Reference Bank Rate determined in respect of any Reset Date other than the First Reset Date, the Mid-Market Swap Rate determined on the immediately preceding Reset Determination Date; and

"**SONIA**" means Sterling Overnight Index Average.

(e) *Publication of Reset Interest Rate*

The Issuer shall cause the Agent Bank to give notice of the relevant Reset Interest Rate to the Issuer, the Agents, the Trustee and to any stock exchange on which the Notes are at the relevant time listed or admitted to trading or other relevant authority to the extent so required by the relevant rules (by no later than the relevant Reset Determination Date) and to be notified to Holders in accordance with Condition 15 (*Notices*) as soon as possible after their determination, but in no event later than the fourth Business Day thereafter. The Reset Interest Rate so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of manifest error.

(f) *Notifications, etc. to be final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6 (*Interest*), whether from or by the Reset Reference Banks (or any of them) or the Agent Bank or the Issuer or any agent appointed by the Issuer, will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Agent Bank and all Holders and (in the absence of wilful default) no liability to the Issuer or the Holders shall attach to the Reset Reference Banks (or any of them) in connection with any such quotations or the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition.

(g) *Interest accrual*

Without prejudice to Conditions 4(a) (*Solvency Condition*), 6 (*Interest*) and 9 (*Automatic Conversion*), each Note will cease to bear interest from and including its date fixed for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue in accordance with, and subject to, the Conditions (both before and after judgment) until whichever is the earlier of (a) the day on which such principal is received by or on behalf of the relevant Holder and (b) the day which is seven days after any of the Agents or the Trustee has notified the Holders that it has received such principal.

(h) *Benchmark Replacement*

In addition to and notwithstanding the provisions in Condition 6(d) (*Reset Interest Rate*), if the Issuer determines that a Benchmark Event has occurred or the Issuer considers that there may be a Successor Rate in each case in relation to the Reference Rate when any Reset Interest Rate (or the relevant component part thereof) remains to be determined by reference to such Reference Rate, then the following provisions shall apply:

(i) the Issuer shall use its reasonable endeavours to appoint, as soon as reasonably practicable, an Independent Adviser to determine, no later than 5 Business Days prior to the relevant Reset Determination Date relating to the next succeeding

Reset Period (the "**IA Determination Cut-off Date**"), a Successor Rate or, alternatively, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread for purposes of determining the Reset Interest Rate (or the relevant component part thereof) applicable to the Notes;

(ii) if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 6(h) (*Benchmark Replacement*) prior to the IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) may determine a Successor Rate or, if there is no Successor Rate, an Alternative Rate and (in either case) any Adjustment Spread;

(iii) if a Successor Rate or, failing which, an Alternative Rate (as applicable) is determined in accordance with the preceding provisions, such Successor Rate or, failing which, an Alternative Rate (as applicable) shall be the Reference Rate for each of the future Reset Periods (subject to the subsequent operation of, and to adjustment as provided in, this Condition 6(h) (*Benchmark Replacement*)); provided however, that if sub-paragraph (ii) applies and the Issuer is unable to or does not determine a Successor Rate or an Alternative Rate prior to the relevant Reset Determination Date, the Reset Interest Rate applicable to the next succeeding Reset Period shall be equal to the Reset Interest Rate last determined in relation to the Notes in respect of the preceding Reset Period (or alternatively, in the case of the first Reset Determination Date, the Interest Rate shall be the Initial Interest Rate); for the avoidance of doubt, the proviso in this sub-paragraph (iii) shall apply to the relevant Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of and to adjustment as provided in, this Condition 6(h) (*Benchmark Replacement*);

(iv) if the Independent Adviser or the Issuer determines a Successor Rate or, failing which, an Alternative Rate (as applicable) in accordance with the above provisions, the Independent Adviser or the Issuer (as applicable), may also (without the consent or approval of Holders) specify changes to these Conditions, including but not limited to the Day Count Fraction, Relevant Screen Page, business day convention, Business Day, Reset Determination Date and/or the definition of Reference Rate and/or Mid-Market Swap Rate, and the method for determining the fallback rate in relation to the Notes, in order to ensure the proper operation of such Successor Rate or Alternative Rate (as the case may be) and (in either case) any Adjustment Spread. If the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as applicable). If the Independent Adviser or the Issuer (as applicable) is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread;

(v) if any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 6(h) (*Benchmark Replacement*) and the Issuer, following consultation with the Independent Adviser (if appointed) and acting in good faith, determines (i) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 6(h)(vi) below, without any requirement for the consent or approval of Holders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice. At the request of the Issuer, but subject to

receipt by the Trustee of a certificate signed by two Authorised Signatories of the Issuer as set out below, the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the Holders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and, if required, the Agency Agreement), provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) in any way; and

(vi) the Issuer shall promptly, following the determination of any Successor Rate or Alternative Rate (as applicable) or Adjustment Spread and the specific terms of any Benchmark Amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement, promptly give notice thereof to the Trustee, the Principal Paying Agent, the Agent Bank and the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any,

provided that the determination of any Successor Rate or Alternative Rate or Adjustment Spread, and any other related changes to the Notes, shall only be made in accordance with the then prevailing Capital Regulations and shall not be made if doing so would prejudice qualification of the Notes as Tier 1 Capital for the purposes of and in accordance with the then prevailing Capital Regulations.

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

(A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 6(h) (*Benchmark Replacement*); and

(B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

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

An Independent Adviser appointed pursuant to this Condition 6(h) (*Benchmark Replacement*) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Holders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 6(h) (*Benchmark Replacement*).

For the purposes of this Condition 6(h) (*Benchmark Replacement*):

"**Adjustment Spread**" means either a spread (which may be positive or negative) or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable), determines is required to be applied to the relevant Successor Rate or the relevant Alternative Rate (as applicable) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended or formally provided as an option for parties to adopt, in relation to the replacement of the Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) (if no such recommendation has been made or option provided, or in the case of an Alternative Rate), the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry accepted replacement for the Reference Rate; or

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

(iv) (if the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines that no such industry standard is recognised or acknowledged) the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Holders as a result of the replacement of the Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser (in consultation with the Issuer) or the Issuer (as applicable) determines in accordance with this Condition 6(h) (*Benchmark Replacement*) is customary in market usage in the international debt capital markets for the purposes of determining floating rates of interest (or the relevant component part thereof) in sterling;

"**Benchmark Event**" means:

(i) the relevant Reference Rate has ceased to be published as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the relevant Reference Rate that (in circumstances where no successor administrator has been or will be appointed that will continue publication of such Reference Rate) it has ceased publishing such Reference Rate permanently or indefinitely or that it will cease to do so by a specified future date (the "**Specified Future Date**"); or

(iii) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate has been or will, by a specified future date (the "**Specified Future Date**"), be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the relevant Reference Rate that means that such Reference Rate will, by a specified future date (the "**Specified Future Date**"), be prohibited from being used or that its use will be subject to restrictions or adverse consequences, either generally or in respect of the Notes; or

(v) a public statement by the supervisor of the administrator of the relevant Reference Rate that such Reference Rate is or will, by a specified future date (the "**Specified Future Date**"), no longer be representative of its relevant underlying market; or

(vi) it has or will, by a specified date within the following six months, become unlawful for the Agent Bank to calculate any payments due to be made to any Holder using the relevant Reference Rate (including, without limitation, under the

Benchmarks Regulation (EU) 2016/1011 as it forms part of domestic law of the UK by virtue of the Withdrawal Act, if applicable).

Notwithstanding the sub-paragraphs above, where the relevant Benchmark Event is a public statement within sub-paragraphs (ii), (iii), (iv) or (v) above and the Specified Future Date in the public statement is more than six months after the date of that public statement, the Benchmark Event shall not be deemed occur until the date falling six months prior to such Specified Future Date;

"**Independent Adviser**" means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed by the Issuer at its own expense;

"**Reference Rate**" means (i) SONIA or (ii) (if applicable) any other Successor Rate or Alternative Rate (or any component part(s) thereof) determined and applicable to the Notes pursuant to the earlier operation of the provisions in this Condition 6(h) (*Benchmark Replacement*);

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

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

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

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

7. PAYMENTS

(a) *Principal*

Payments of principal shall be made by sterling cheque drawn on or, upon application by a Holder of a Note to the Specified Office (as defined in the Agency Agreement) of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by the payee with, a bank in London and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(b) *Interest*

Payments of interest shall be made by sterling cheque drawn on or, upon application by a Holder of a Note to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the relevant Interest Payment Date or the date fixed for redemption (if any), by transfer to a sterling account maintained by the payee with, a bank in London and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

(c) *Payments subject to fiscal laws*

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions

of Condition 11 (*Taxation*). No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payment on Business Days*

Subject to Conditions 6 (*Automatic Conversion*), 8 (*Redemption and Purchase; Substitution and Variation*) and 9 (*Automatic Conversion*), where payment is to be made by transfer to a sterling account, payment instructions (for value the relevant Interest Payment Date or the date fixed for redemption (if any), as the case may be, or, if such date is not a payment business day, for value the next succeeding payment business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the date fixed for redemption and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the specified office of a Paying Agent and (ii) (in the case of payments of interest payable other than on redemption) on the relevant Interest Payment Date. A Holder of a Note shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the date fixed for redemption or the relevant Interest Payment Date not being a payment business day or (B) a cheque mailed in accordance with this Condition 7 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 7(d) (*Payment on Business Days*), "**payment business day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed).

(e) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record date*

Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the relevant date fixed for redemption (if any) or the relevant Interest Payment Date (the "**Record Date**"). Where payment is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

(g) *Agents*

The names of the initial Agents and their initial specified offices are set out in the Agency Agreement. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents **provided that**:

(i) there will at all times be a Principal Paying Agent and an Agent Bank;

(ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(iii) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Holders promptly by the Issuer in accordance with Condition 15 (*Notices*).

8. **REDEMPTION AND PURCHASE; SUBSTITUTION AND VARIATION**

(a) *No fixed redemption date*

The Notes are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right to redeem or purchase them in accordance with the following provisions of this Condition 8 (*Redemption and Purchase; Substitution and Variation*). The Issuer shall not be entitled to deliver a notice of redemption after an Automatic Conversion Notice has been delivered.

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

The Issuer may, in its sole discretion but subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 15 (*Notices*), the Trustee and the Agents (which notice shall, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on (i) any date from (and including) 1 November 2030 to (and including) the First Reset Date and (ii) any date from (and including) the date falling six months prior to any subsequent Reset Date to (and including) such Reset Date at their principal amount together with any Accrued Interest.

(c) *Redemption for regulatory reasons*

Subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), if, as a result of any amendment to, or change in the regulatory classification of the Notes under, the Capital Regulations (or official interpretation thereof), in any such case becoming effective on or after the Reference Date, the whole or any part of the principal amount of the Notes are, or are likely to be at any time, excluded from, or cease to count towards, the Tier 1 Capital of the Regulatory Group (a "**Capital Disqualification Event**"), the Issuer may, in its sole discretion but having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 15 (*Notices*), the Trustee and the Agents (which notice shall, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount together with any Accrued Interest.

Prior to giving notice of redemption in accordance with this Condition 8(c) (*Redemption for regulatory reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the relevant circumstance referred to this Condition 8(c) (*Redemption for regulatory reasons*) exists. Such certificate shall be treated by the Trustee, the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(d) *Redemption for tax reasons*

Subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), if as a result of a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which the Relevant Jurisdiction is a party, or a change in an official application of those laws or regulations which change or amendment becomes effective on or after the Reference Date, including a decision of any court or tribunal which becomes effective on or after the Reference Date:

(i) the Issuer has paid, or will or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Notes; or

(ii) the Issuer is not or would not be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Notes, or such a deduction is or would be reduced or deferred; or

(iii) the Issuer is not or would not, as a result of the Notes being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset

by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist);

(iv) the Issuer would be required to bring into account any amount of income, profit or gain or other tax credit or taxable item for tax purposes, or any other liability to tax would arise in respect of the write-down of the Notes, the conversion of the Notes into shares, or both (including, pursuant to these Conditions or as a result of the exercise of any regulatory powers under the Banking Act 2009); or

(v) the Notes or any part thereof are or would become treated as a derivative or embedded derivative for tax purposes,

(each, a "**Tax Event**"), the Issuer may, in its sole discretion but subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), having given not less than 15 nor more than 30 days' notice to Holders in accordance with Condition 15 (*Notices*), the Trustee and the Agents (which notice shall, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at an amount equal to their principal amount together with any Accrued Interest.

Prior to giving notice of redemption in accordance with this Condition 8(d) (*Redemption for tax reasons*), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the conditions precedent for redeeming the Notes pursuant to this Condition 8(d) (*Redemption for tax reasons*) have been met. Such certificate shall be treated by the Trustee and the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(e) *Clean-up Call Option*

If, at any time, the outstanding aggregate principal amount of the Notes is 25 per cent. or less of the aggregate principal amount of the Notes originally issued (and, for these purposes, any further Notes issued pursuant to Condition 18 (*Further Issues*) and consolidated and forming a single series with the Notes shall be deemed to have been originally issued) (the "**Clean-up Call Threshold**"), the Issuer may, in its sole discretion but subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 15 (*Notices*), the Trustee and the Agents (which notice shall, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the remaining outstanding Notes on any date at an amount equal to their principal amount together with any Accrued Interest.

Prior to giving notice of redemption in accordance with this Condition 8(e) (*Clean-up Call Option*), the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the outstanding aggregate principal amount of the Notes is equal to or less than the Clean-up Call Threshold. Such certificate shall be treated by the Trustee and the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

(f) *Substitution or Variation*

If at any time a Capital Disqualification Event or a Tax Event occurs, the Issuer may, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*) and having given not less than 15 nor more than 30 days' notice to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents (which notice shall, subject to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), be irrevocable) but without any requirement for the consent or approval of the Holders, at any time either substitute all (but not some only) of the Notes for, or vary the

terms of the Notes and/or the terms of the Trust Deed so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Notes; provided that such substitution or variation does not itself give rise to any right of the Issuer to redeem the substituted or varied securities that is inconsistent with the redemption provisions of the Notes.

The Trustee shall be obliged (at the request and expense of the Issuer) to agree with the Issuer without the consent of the Holders to any substitution of the Notes for, or the variation of the terms of the Notes so that they remain or, as appropriate, become, Qualifying Additional Tier 1 Notes as aforesaid, provided that (i) the Trustee receives the certificate in the form described in the definition of Qualifying Additional Tier 1 Notes in accordance with the provisions thereof, and (ii) the terms of the proposed Qualifying Additional Tier 1 Notes, the amended terms of the Trust Deed or the agreement to such substitution or variation, as the case may be, would not, in the Trustee's opinion, impose more onerous obligations upon it or expose it to any additional liabilities, responsibilities or duties or reduce or amend the rights and/or protections afforded to it.

(g) *Purchases*

The Issuer or any of its Subsidiaries may, at its option but subject to PRA Permission and Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*), purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Capital Regulations. All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held, reissued, resold or, at the option of the Issuer or any such Subsidiary, cancelled.

(h) *Conditions to redemption, purchase, substitution and variation*

Any redemption under Conditions 8(b) (*Redemption at the option of the Issuer*), 8(c) (*Redemption for regulatory reasons*), 8(d) (*Redemption for tax reasons*), 8(e) (*Clean-up Call Option*) or purchase under Condition 8(g) (*Purchases*) or substitution or variation under Condition 8(f) (*Substitution or Variation*) is subject to the Issuer obtaining PRA Permission (and such PRA Permission not having been revoked by the relevant date of such redemption, purchase, substitution or variation, as the case may be) and to compliance with the Regulatory Preconditions and/or any other additional and/or alternative conditions or requirements contained in the then prevailing Capital Regulations which relate to the redemption, purchase, substitution or variation of the Notes, as the case may be.

In addition, if the Issuer has elected to redeem, substitute or vary the Notes and:

(i) prior to the redemption, substitution or variation (as applicable) a Trigger Event occurs; or

(ii) in the case of a redemption, the Solvency Condition is not satisfied in respect of the relevant payment on any date fixed for redemption,

the relevant redemption, substitution or variation notice (as applicable) shall be automatically rescinded and shall be of no force and effect and no payment of any redemption amount will be due and payable or no substitution or variation shall occur (as the case may be). In the case of (i) above, the Automatic Conversion shall occur in accordance with Condition 9 (*Automatic Conversion*). In the case of (ii) above, the Issuer shall give notice thereof to the Holders (in accordance with Condition 15 (*Notices*)), the Trustee and the Agents as soon as practicable. Any delay in giving, or failure to provide, such notice shall not have any impact on the effectiveness of, or otherwise invalidate, any such rescission.

(i) *Cancellation*

All Notes which are redeemed by the Issuer pursuant to this Condition 8 (*Redemption and Purchase; Substitution and Variation*) will be cancelled.

(j) *Notices final*

Upon the expiry of any notice as is referred to in Condition 8(b) (*Redemption at the option of the Issuer*), 8(c) (*Redemption for regulatory reasons*), 8(d) (*Redemption for tax reasons*), 8(e) (*Clean-up Call Option*) or 8(f) (*Substitution or Variation*), the Issuer shall be bound (subject in all circumstances only to Condition 8(h) (*Conditions to redemption, purchase, substitution and variation*)) to redeem, substitute or vary (as applicable) the Notes to which the notice refers in accordance with the terms of such paragraph.

(k) *Trustee not obliged to monitor*

The Trustee shall not be under any duty to investigate whether any event or circumstance which could lead to, or has led to, a redemption, substitution or variation (as applicable) under this Condition 8 (*Redemption and Purchase; Substitution and Variation*) has occurred and (i) shall not be responsible to Holders for any loss arising from any failure by it to do so and (ii) shall be entitled to assume, unless it has written notice to the contrary, that no such event or circumstance which could lead to, or has led to, a redemption, substitution or variation (as applicable) has occurred and that the PRA Permission and/or all Regulatory Preconditions have been satisfied. The Trustee may rely without further investigation and without liability as aforesaid on any certificate delivered to it in connection with this Condition 8 (*Redemption and Purchase; Substitution and Variation*).

9. **AUTOMATIC CONVERSION**

(a) *Automatic Conversion on a Trigger Event*

If a Trigger Event occurs at any time, then an Automatic Conversion will occur on the Conversion Date at which point all of the Issuer's obligations under the Notes shall be irrevocably and automatically released by the Holders in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depositary on the Conversion Date at the Conversion Price. Under no circumstances shall such released obligations be reinstated. If the Issuer has been unable to appoint a Conversion Shares Depositary, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to another nominee for the Holders or to the Holders directly, which issuance shall irrevocably and automatically release all of the Issuer's obligations under the Notes as if the Conversion Shares had been issued to the Conversion Shares Depositary.

Whether a Trigger Event has occurred shall be determined by the Issuer or the PRA and such determination shall be binding on Holders.

The Issuer shall immediately notify the PRA of the occurrence of the Trigger Event and the Automatic Conversion shall occur without delay upon the occurrence of a Trigger Event and by no later than one month following such Trigger Event (or such shorter period as the PRA may then require).

If a Trigger Event has occurred, the Issuer shall deliver an Automatic Conversion Notice to the Holders in accordance with Condition 15 (*Notices*) and the Trustee and the Agents without delay after such time. Notwithstanding Condition 15 (*Notices*), the Automatic Conversion Notice shall be deemed to have been given on the date on which it is dispatched to the Trustee and the Holders.

On or (if reasonably practicable) prior to giving the Automatic Conversion Notice, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Trigger Event has occurred and the Trustee shall be entitled (without further investigation or liability) to accept such certificate as sufficient evidence of the occurrence of such event, in which event such certificate shall be conclusive and binding on the Trustee and the Holders.

Within 10 Business Days following the Conversion Date, the Issuer shall deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*).

The Notes are not convertible into Conversion Shares at the option of the Holders at any time.

(b) *Consequences of Automatic Conversion*

(i) Following an Automatic Conversion, no Holder will have any rights against the Issuer with respect to the repayment of the principal amount of the Notes or the payment of interest or any other amount on or in respect of such Notes, which liabilities of the Issuer shall be irrevocably and automatically released and, accordingly, the principal amount of the Notes shall equal zero at all times thereafter. Any Interest Amount in respect of an Interest Period ending on any Interest Payment Date falling between the date of a Trigger Event and the Conversion Date shall be deemed to have been automatically and irrevocably cancelled upon the occurrence of such Trigger Event and shall not be due and payable.

(ii) Following the issuance of the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as contemplated above and as applicable) on the Conversion Date, the Notes shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary (or such other relevant recipient).

(iii) **Provided that** the Issuer issues and delivers the Conversion Shares to the Conversion Shares Depositary (or to the relevant recipient as contemplated above) in accordance with these Conditions, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depositary (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made pursuant to Condition 9(d) (*Conversion Share Offer*) below, of any Conversion Shares Offer Consideration to which such Holders are entitled.

(iv) If the Issuer fails to issue and deliver the Conversion Shares to be issued and delivered on an Automatic Conversion to the Conversion Shares Depositary (or to the relevant recipient as contemplated above) in accordance with the Conditions, a Holder's only right under the Notes against the Issuer for any such failure will be to claim to have such Conversion Shares so issued and delivered.

(c) *Conversion Shares*

(i) The Conversion Shares shall initially be registered in the name of the Conversion Shares Depositary (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient as contemplated above, and each Holder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Notes to the Conversion Shares Depositary (or to such other relevant recipient).

(ii) The number of Conversion Shares to be issued to the Conversion Shares Depositary on the Conversion Date shall be determined by the Issuer by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

(iii) The number of Conversion Shares to be held by the Conversion Shares Depositary for the benefit of each Holder shall be the number of Conversion Shares thus

calculated multiplied by a fraction equal to the aggregate amount of the Authorised Denomination of the Notes held by such Holder divided by the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date, rounded down, if necessary, to the nearest whole number of Conversion Shares.

(iv) The Conversion Shares issued following an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the Issuer's fully paid ordinary shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date.

(v) The Conversion Shares Depositary (or the relevant recipient in accordance with these Conditions, as applicable) shall hold the Conversion Shares on behalf of the Holders, who shall be entitled to direct the Conversion Shares Depositary or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends) except that Holders shall not be able to sell or otherwise transfer the Conversion Shares until such time as they have been delivered to Holders in accordance with the procedures set forth in Condition 9(e) (*Settlement Procedure*).

(vi) If a Qualifying Takeover Event shall have occurred, then, where the Conversion Date falls on or after the QTE Effective Date, Approved Entity Shares of the Approved Entity shall be issued to the Conversion Shares Depositary on the Conversion Date instead of Conversion Shares, in accordance with Condition 10(e) (*Qualifying Takeover Event*).

(vii) The Conversion Shares or the Conversion Shares Offer Consideration, as the case may be, will be delivered to Holders pursuant to the procedures set out in Condition 9(e) (*Settlement Procedure*) below.

(d) *Conversion Share Offer*

(i) No later than 10 Business Days following the Conversion Date, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depositary make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Price, subject as provided below (the "**Conversion Shares Offer**"). The Issuer may, on behalf of the Conversion Shares Depositary, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer.

(ii) The Issuer will deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*) within 10 Business Days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than 40 Business Days after the giving by the Issuer of the Conversion Shares Offer Notice.

(iii) Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion Shares Offer Agent, if any. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, the

Issuer will facilitate the preparation of such prospectus or other offering document, and the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect. In addition, if so requested by the Conversion Shares Depositary as offeror, the Issuer shall indemnify the Conversion Shares Depositary for any losses incurred in connection with any Conversion Shares Offer.

(iv) Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depositary will provide notice to the Trustee and the Holders in accordance with Condition 15 (*Notices*) of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount.

(v) The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three Business Days' notice to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*), and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to Holders the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.

(vi) By its subscription for, purchase or other acquisition of the Notes, each Holder acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depositary such Holder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer and to the Conversion Shares Depositary using the Conversion Shares to settle any Conversion Shares Offer in accordance with these Conditions, (ii) consented to the transfer of the beneficial interest it holds in the Conversion Shares to the Conversion Shares Depositary in connection with the Conversion Shares Offer in accordance with these Conditions, (iii) irrevocably agreed that the Issuer, the Conversion Shares Depositary and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with these Conditions, and (iv) agreed that none of the Issuer, the Trustee, the Conversion Shares Depositary, if any, or the Conversion Shares Offer Agent, if any, shall, to the extent permitted by applicable law, incur any liability to the Holders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depositary in respect of the Holders' entitlement to any Conversion Shares Offer Consideration).

(vii) Neither the occurrence of a Trigger Event nor, following the occurrence of a Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of ordinary shares at or below the Conversion Price.

(e) *Settlement Procedure*

Delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders will be made in accordance with the following procedures:

(i) The Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will be delivered to Holders in uncertificated form through the dematerialised securities trading system operated by Euroclear UK & International Limited, known as CREST, unless the Conversion Shares are not a participating security in CREST at the relevant time, in which case the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will either be delivered in the

form of the relevant clearing system in which the Conversion Shares are a participating security or in certificated form, as notified by the Issuer to the Holders in accordance with Condition 15 (*Notices*). Where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered through CREST or such other clearing system in which such Conversion Shares are a participating security, they will be delivered to the account specified by the relevant Holder in the relevant Conversion Shares Settlement Notice.

(ii) Where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered in certificated form, the name of the relevant Holder (or its nominee) will be entered in the Issuer's share register and a certificate in respect thereof will be dispatched by mail free of charge to the relevant Holder or as it may direct in the relevant Conversion Shares Settlement Notice.

(iii) The cash component, if any, of any Conversion Shares Offer Consideration will be paid to the Holders (A) if the relevant Conversion Shares Settlement Notice is not delivered to the Conversion Shares Depositary before the end of the Conversion Shares Offer Period, by sterling cheque drawn on a bank in London and mailed to their address shown on the Register on or around the date on which the Conversion Shares Offer Period ends, or (B) if the relevant Conversion Shares Settlement Notice is delivered to the Conversion Shares Depositary before the end of the Conversion Shares Offer Period, by transfer on or around the date on which the Conversion Shares Offer Period ends to such sterling account maintained by the payee with a bank in London as the Holder may direct in such notice.

(iv) The Conversion Shares (and the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will not be available for delivery (A) to, or to a nominee for, Clearstream, Luxembourg or Euroclear or any other person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom or (B) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom, or, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery or (C) to the CREST account of such a person mentioned in (A) or (B).

(v) Neither the Issuer, nor any of its Subsidiaries shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration), which tax shall be borne solely by the Holder or, if different, the person to whom the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are delivered.

(vi) The Conversion Shares Offer Notice shall specify the Suspension Date. On the Suspension Date, the Issuer shall deliver a Conversion Shares Settlement Request Notice to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*). Such notice shall request that Holders complete a Conversion Shares Settlement Notice and shall specify the Notice Cut-off Date and the Final Cancellation Date.

(vii) In order to obtain delivery of the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a Holder must deliver its Conversion Shares Settlement Notice to the Conversion

Shares Depositary (or to the relevant recipient as contemplated above) on or before the Notice Cut-off Date. If such delivery is made after the end of normal business hours at the specified office of the Conversion Shares Depositary (or of the relevant recipient), such delivery shall be deemed for all purposes to have been made or given on the next following Business Day. The Conversion Shares Settlement Notice must be delivered to the specified office of the Conversion Shares Depositary (or of the relevant recipient) together with the relevant Notes.

(viii) Each Conversion Shares Settlement Notice shall be irrevocable. Failure to properly complete and deliver a Conversion Shares Settlement Notice and the relevant Notes, if applicable, may result in such notice being treated by the Conversion Shares Depositary (or by the relevant recipient) as null and void. Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered shall be made by the Conversion Shares Depositary (or by the relevant recipient) in its sole and absolute discretion and shall be conclusive and binding on the relevant holder.

(ix) Subject as provided herein and provided the Conversion Shares Settlement Notice and the relevant Notes, if applicable, are delivered on or before the Notice Cut-off Date, the Conversion Shares Depositary (or the relevant recipient) shall deliver the relevant Conversion Shares (rounded down to the nearest whole number of Conversion Shares) or Conversion Share component, if any, of any Conversion Shares Offer Consideration (rounded down to the nearest whole number of Conversion Shares), as applicable, to the Holder of the relevant Notes completing the relevant Conversion Shares Settlement Notice or its nominee in accordance with the instructions given in such Conversion Shares Settlement Notice on the applicable Settlement Date.

(x) If a Conversion Shares Settlement Notice and the relevant Notes, if applicable, are not delivered to the Conversion Shares Depositary on or before the Notice Cut-off Date, then the Conversion Shares Depositary shall continue to hold the relevant Conversion Shares (or Conversion Share component, if any, of any Conversion Shares Offer Consideration) until a Conversion Shares Settlement Notice (and the relevant Notes, if applicable) is so delivered. However, the relevant Notes shall be cancelled on the Final Cancellation Date and any Holder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depositary in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration).

(xi) The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration) or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Notes, if applicable, on a timely basis or at all.

(f) *Trustee not responsible for Conversion Shares or Conversion Shares Depositary*

The Trustee shall not be responsible or liable for implementing or monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depositary in respect thereof. Following Automatic Conversion and delivery of the Conversion Shares to the Conversion Shares Depositary, Holders must look to the Conversion Shares Depositary (or such other recipient of the Conversion Shares, as set out above) for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.

10. **ADJUSTMENTS TO THE CONVERSION PRICE**

(a) *Adjustments to the Conversion Price*

Upon the occurrence of any of the events set out below, the Conversion Price shall be adjusted as follows:

(i) If and whenever there shall be a consolidation, reclassification or subdivision in relation to the ordinary shares of the Issuer, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such consolidation, reclassification or subdivision by the following fraction:

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

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification or subdivision, as the case may be, takes effect.

(ii) If and whenever the Issuer shall issue any ordinary shares credited as fully paid to the Issuer's shareholders as a class by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such ordinary shares are or are to be issued instead of the whole or part of a Cash Dividend which the Issuer's shareholders would or could otherwise have elected to receive, (2) where the Issuer's shareholders may elect to receive a Cash Dividend in lieu of such ordinary shares or (3) where any such ordinary shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Issuer's shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such issue by the following fraction:

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

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such issue; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such ordinary shares.

(iii) If and whenever the Issuer shall issue any ordinary shares to all or substantially all of the Issuer's shareholders as a class by way of rights at a price per ordinary share which is less than 95 per cent. of the Current Market Price per ordinary share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

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

where:

A is the aggregate number of ordinary shares of the Issuer in issue on the Effective Date;

B is the aggregate number of ordinary shares of the Issuer that the aggregate consideration (if any) receivable for the ordinary shares issued by way of rights would purchase at such Current Market Price per ordinary share on the Effective Date; and

C is the number of ordinary shares to be issued.

Such adjustment shall become effective on the Effective Date.

For the purpose of any calculation of the consideration receivable or price pursuant to this paragraph (iii), the following provisions shall apply:

(1) the aggregate consideration receivable or price for ordinary shares issued for cash shall be the amount of such cash;

(2) if the consideration or price determined pursuant to (1) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;

(3) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing or management of the issue of the relevant ordinary shares or otherwise in connection therewith;

(4) the consideration or price shall be determined as provided in (1)-(3) above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and

(5) references herein to "cash" shall be construed as cash consideration within the meaning of Section 583(3) of the Companies Act.

(iv) If and whenever the Issuer shall pay any Extraordinary Dividend to shareholders of the Issuer as a class, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{\mathrm{A}-\mathrm{B}}{\mathrm{A}}$$

where:

A is the Current Market Price of one ordinary share on the Effective Date; and

B is the portion of the aggregate Extraordinary Dividend attributable to one ordinary share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of ordinary shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

Notwithstanding the foregoing provisions:

(A) No adjustment to the Conversion Price will be made:

(1) as a result of the payment of any Cash Dividend (other than an Extraordinary Dividend);

(2) to the extent ordinary shares or other securities (including rights, warrants or options in relation to ordinary shares and other securities) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, directors or employees or former directors or employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Issuer or any of its subsidiaries or any associated company or to a trustee or trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme or pursuant to any dividend reinvestment plan or similar plan or scheme;

(3) if an increase in the Conversion Price would result from such adjustment, except in case of a consolidation of the ordinary shares; or

(4) if it would result in the Conversion Price being reduced below the nominal value of the ordinary shares.

The Issuer undertakes that it shall not take any action, and shall procure that no action is taken, that would (but for the operation of paragraph (4) above) result in an adjustment to the Conversion Price to below the nominal value of the ordinary shares;

(B) where the events or circumstances giving rise to any adjustment pursuant to this section have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances that have already given or will give rise to an adjustment to the Conversion Price or where more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall, subject to compliance with the then prevailing Capital Regulations, be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;

(C) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once;

(D) for the avoidance of doubt, the issue of ordinary shares following an Automatic Conversion or upon any conversion or exchange or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price;

(E) in respect of any adjustment pursuant to paragraphs (i) to (iii) above, such adjustment shall be made only up to the extent it does not result in a

Conversion Price that, if it were to be applied for the purposes of any Automatic Conversion at the time of such adjustment, would result in a number of Conversion Shares being required to be issued which represents a greater proportion of the total number of ordinary shares of the Issuer which are in issue than would be the case had the adjustment not been made (and had the corporate event not occurred); and

(F) in respect of any adjustment pursuant to paragraph (iv) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price that, if it were to be applied for the purposes of any Automatic Conversion at the time of such adjustment, would result in the issue of an additional number of Conversion Shares having a value that is greater than the value of the aggregate Extraordinary Dividend which would be attributable to the ordinary shares underlying the Notes had such ordinary shares been in issue.

(b) *No Retroactive Adjustments*

The Issuer shall not issue any additional Conversion Shares if the Automatic Conversion occurs after the record date in respect of any consolidation, reclassification or subdivision as is mentioned in Condition 10(a)(i) (*Adjustments to the Conversion Price*), or after the record date or other due date for the establishment of entitlement for any such issue as is mentioned in Condition 10(a)(ii) (*Adjustments to the Conversion Price*), but before the relevant adjustment to the Conversion Price becomes effective under such section.

(c) *Decision of an Independent Financial Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to such Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Trustee and the Holders, save in the case of manifest error.

(d) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment to the Conversion Price pursuant to this Condition 10 (*Adjustments to the Conversion Price*), if the resultant Conversion Price is a number with more decimal places than the initial Conversion Price, that number shall be rounded to the same number of decimal places as the initial Conversion Price. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

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

(e) *Qualifying Takeover Event*

Within 10 Business Days following the occurrence of a Takeover Event, the Issuer shall give notice thereof to the Trustee and to the Holders by means of a Takeover Event Notice. If the Takeover Event is not a Qualifying Takeover Event, the Takeover Event Notice addressed to the Trustee shall include a certification signed by two Authorised Signatories certifying that a Takeover Event that is not a Qualifying Takeover Event has occurred, in which event such certification shall be treated and accepted by the Trustee and the Holders as correct, conclusive and sufficient evidence thereof.

If the Takeover Event is a Qualifying Takeover Event, the Notes shall, where the Conversion Date falls on or after the QTE Effective Date, be converted into or exchanged for Approved Entity Shares of the Approved Entity, *mutatis mutandis* as provided in Condition 9 (*Automatic Conversion*) above, at a Conversion Price that shall initially be the New Conversion Price, which may be higher or lower than the Conversion Price and references herein to "Conversion Shares" shall be deemed to be references to "Approved Entity Shares".

Such conversion shall be effected by the delivery by the Issuer of such number of ordinary shares in the Issuer to the Approved Entity as is determined in accordance with Condition 9 (*Automatic Conversion*) and such delivery shall irrevocably release, discharge and satisfy all of the Issuer's obligations in respect of the Notes in question (but shall be without prejudice to the Approved Entity's obligations to deliver Approved Entity Shares). Such delivery shall be in consideration of the Approved Entity irrevocably undertaking, for the benefit of the Holders, to deliver the Approved Entity Shares to the Conversion Shares Depositary.

The New Conversion Price shall be subject to adjustment in the circumstances provided for in Condition 10(a) (*Adjustments to the Conversion Price*) above (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate and references to "ordinary shares" shall be read as references to "Approved Entity Shares"), and the Issuer shall give notice to the Trustee and to the Holders in accordance with Condition 15 (*Notices*) of the New Conversion Price and of any such modifications and amendments thereafter.

(i) In the case of a Qualifying Takeover Event:

(A) the Issuer shall, to the extent permitted by applicable law and regulation, on or prior to the QTE Effective Date, enter into such agreements and arrangements (which may include a supplemental trust deed and amendments and modifications to these Conditions and the Trust Deed) as may be required to ensure that, with effect from the QTE Effective Date, the Notes shall be convertible into, or exchangeable for, Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, the provisions in Condition 9 (*Automatic Conversion*) (as may be so supplemented, amended or modified), at the New Conversion Price and any references to the Conversion Price shall be construed as references to the New Conversion Price; and

(B) upon the occurrence of a Trigger Event where the Conversion Date falls on or after the QTE Effective Date, the Issuer shall procure (to the extent within its control) the issue of the relevant number of Approved Entity Shares *mutatis mutandis* in the manner provided in Condition 9 (*Automatic Conversion*) above, as may be amended or modified as provided above.

The Trustee shall be obliged (at the expense of the Issuer) to concur with the Issuer in making any such amendments and modifications to the Trust Deed and these Conditions, and to execute any such deeds supplemental to the Trust Deed, **provided that** (1) the Trustee receives a certificate signed by two Authorised Signatories certifying that a Qualifying Takeover Event has occurred and confirming that the Issuer has made the relevant determinations in accordance with this Condition 10(e) and attaching the proposed amendments and modifications; and (2) the Trustee shall not be bound to do so if any such amendments and modifications would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Notes.

(ii) In the case of a Takeover Event that is not a Qualifying Takeover Event (including if that is because the Acquirer is a Governmental Entity or because on the Conversion Date the Acquirer's Shares are not Approved Entity Shares), with effect from the occurrence of the Takeover Event (or the date on which the Acquirer's Shares cease to be Approved Entity Shares), outstanding Notes shall not be subject to Automatic Conversion into shares of the Acquirer at any time notwithstanding that a Trigger Event may occur subsequently but instead, upon the occurrence of a subsequent Trigger Event (if any) (or where the Conversion Date occurs on or after the date of such Takeover Event) the Notes shall be converted into ordinary shares in the Issuer in accordance with Condition 9(a) (*Automatic Conversion on a Trigger Event*) as if no Takeover Event had occurred.

(f) *Covenants*

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

11. TAXATION

(a) *Payment without withholding*

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts in respect of any interest on the Notes ("**Additional Amounts**"), but not, for the avoidance of doubt, in respect of the payment of any principal in respect of the Notes, as may be necessary in order that the net amounts in respect of any interest on the Notes received by the Holders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of interest on the Notes in the absence of the withholding or deduction, except that no Additional Amounts shall be payable in relation to any payment in respect of any Note:

(i) to or on behalf of a Holder, or a beneficial owner of the relevant Notes, which is liable to such Taxes in respect of such Note by reason of its having some connection with the Relevant Jurisdiction other than the mere holding or ownership of the Note; or

(ii) where (in the case of a payment of interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such Additional

Amounts if it had surrendered the relevant Certificate on the last day of such period of 30 days; or

(iii) where the Holder of the relevant Notes failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the Relevant Jurisdiction of such Holder, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the Relevant Jurisdiction as a condition to relief or exemption from such taxes.

For the avoidance of doubt, any amounts to be paid by the Issuer on the Notes will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement) (a "**FATCA Withholding Tax**"), and the Issuer will not be required to pay any Additional Amounts on account of any FATCA Withholding Tax.

(b) *Additional Amounts*

Any reference in these Conditions to any interest in respect of the Notes shall be deemed also to include any Additional Amounts which is, were or would be payable under this Condition 11 (*Taxation*).

The mandatory restrictions on payments of Interest Amounts in Condition 6(a) (*Cancellation of interest*) shall apply to any Additional Amounts *mutatis mutandis*.

12. PRESCRIPTION

Notes will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes, subject to the provisions of Condition 7 (*Payments*).

13. ENFORCEMENT EVENTS AND REMEDIES

(a) *Enforcement Events*: The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject, in any such case, to being indemnified and/or secured and/or prefunded to its satisfaction), without further notice:

(i) *Non-payment*: if the Issuer fails to pay the principal on any of the Notes when due and such failure continues for a period of 14 days, institute proceedings for the winding up of the Issuer in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere) and/or prove in any Winding Up or Qualifying Procedure, but may take no other action in respect of such default; **provided that** the Issuer shall not be in default if it satisfies the Trustee during the 14 day period that such sums were not paid in order to comply with any mandatory law, regulation or order of any court of competent jurisdiction acting on the advice given to it during such period by independent legal advisers acceptable to the Trustee. No interest will be due and payable if such interest has been cancelled or not paid (in whole or in part) pursuant to Condition 4(a) (*Solvency Condition*), 6(a) (*Cancellation of interest*) or 9 (*Automatic Conversion*). Accordingly, no default in payment under the Notes will have occurred or be deemed to have occurred in such circumstances;

(ii) *Winding Up Event*: if a Winding Up Event occurs before the occurrence of a Trigger Event, give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable with such claim as set out in Condition 5(a) (*Winding Up or Qualifying Procedure occurring prior to a*

Trigger Event) and the Trustee may prove and/or claim in such Winding Up or Qualifying Procedure; or

For the avoidance of doubt, any resolution action or moratorium pursuant to the Banking Act 2009, as amended, which does not constitute a Winding Up Event, shall not permit the Trustee or the Holders to declare the Notes due and payable.

(iii) *Breach of obligations (other than payment obligations)*: without prejudice to paragraph (i) or (ii) above, if the Issuer breaches any of its obligations under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Trust Deed or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations) subject as provided below, institute such steps, actions or proceedings as it may think fit to enforce the obligation in question provided always that the Trustee (acting on behalf of the Holders but not the Trustee acting in its personal capacity under the Trust Deed) and the Holders may not enforce, and are not entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving and/or claiming such Monetary Judgment in a Winding up or Qualifying Procedure and in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it pursuant to these Conditions and the Trust Deed.

(b) Nothing in this Condition 13 (*Enforcement Events and Remedies*) shall, however, prevent the Trustee acting in its personal capacity under the Trust Deed instituting proceedings for the winding up of the Issuer in England (or such other jurisdiction in which the Issuer is organised) (but not elsewhere) and/or proving in any Winding Up or Qualifying Procedure in respect of any payment obligations of the Issuer to the Trustee in respect of any costs, fees, charges, expenses, liabilities or remuneration of the Trustee arising from the Trust Deed (including any damages awarded for breach of any such obligations).

(c) *Extent of Remedies*: No remedy against the Issuer other than the institution of the proceedings referred to in Condition 13(a) (*Enforcement Events and Remedies*) or proving in a Winding Up or Qualifying Procedure shall be available to the Trustee or the Holders whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed in relation thereto (other than in the case of any amounts due to the Trustee in respect of its costs, charges, expenses, liabilities or remuneration or the rights and remedies of the Trustee in respect thereof) or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed in relation thereto.

(d) *Right of Holders*: No Holder shall be entitled to proceed directly against the Issuer or institute any of the proceedings referred to in this Condition 13 (*Enforcement Events and Remedies*) or to prove and/or claim in a Winding Up or Qualifying Procedure, except that, if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so or, being able to prove in such Winding Up or Qualifying Procedure, fails to do so, in each case within a reasonable period and in each such case such failure shall be continuing, then any such Holder may itself institute such proceedings and/or prove and/or claim in such Winding Up or Qualifying Procedure to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so in respect of the Notes.

14. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar or any Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and/or the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15. **NOTICES**

All notices regarding the Notes shall be valid if sent by post to the Holders at their respective addresses in the Register and, if and for so long as the Notes are listed on any stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

16. **MEETINGS OF HOLDERS, MODIFICATION, WAIVERS AND SUBSTITUTION**

(a) *Meetings of Holders*

The Trust Deed contains provisions for convening meetings of Holders (including by way of conference call or videoconference) to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting of Holders for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. of the aggregate principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which is to deal with certain proposals (including any proposal to change any Interest Payment Date or any optional redemption date, to reduce the interest rate applicable in respect of the Notes, to reduce the principal amount of the Notes, to alter the method of calculating of any interest in respect of the Notes, to change the currency of payments under the Notes, to modify the provisions of Conditions 3 (*Status*), 4 (*Subordination*) or 5 (*Winding Up or Qualifying Procedure*), to modify the provisions of Condition 9 (*Automatic Conversion*) and/or Condition 10 (*Adjustments to the Conversion Price*) (other than pursuant to or as a result of any amendment to these Conditions and the Trust Deed made pursuant to and in accordance with Condition 10(e) (*Qualifying Takeover Event*) or Condition 10(f) (*Covenants*)) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (in each case, unless such change is expressly permitted without the consent of Holders pursuant to these Conditions, each, a "**Reserved Matter**")), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than three-quarters, or at any adjourned meeting not less than one-quarter, of the aggregate principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders will be binding on all Holders, whether or not they are present at the meeting and whether or not they voted on the resolution.

In addition, a resolution in writing signed by or on behalf of the holders of at least 75 per cent. in aggregate principal amount of the outstanding Notes who for the time being are entitled to receive notice of a meeting of Holders under the Trust Deed will take effect as if it were an Extraordinary Resolution. 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 Holders.

Furthermore, pursuant to Condition 6(h) (*Benchmark Replacement*), certain changes may be made to the interest calculation provisions of the Notes in the circumstances and as otherwise set out in such Condition, without the requirement for consent of the Holders.

(b) *Modification, authorisation, waiver*

Except where the Trustee is bound pursuant to Condition 6(h) (*Benchmark Replacement*), Condition 8(f) (*Substitution or Variation*), Condition 10(e)(i) (*Qualifying Takeover Event*) and Condition 10(f) (*Covenants*) to give effect to the amendments described therein, the Trustee may agree (other than in respect of a Reserved Matter), without the consent of the Holders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement (**provided that**, in any such case, it is not, in the opinion of the Trustee,

materially prejudicial to the interests of the Holders) or may agree, without any such consent as aforesaid and irrespective of whether the same constitutes a Reserved Matter, to any modification which, in its opinion, is of a formal, minor or technical nature or is to correct a manifest error.

(c) *PRA Permission*

These Conditions shall only be capable of modification or waiver if the Issuer has obtained the relevant PRA Permission (and such PRA Permission has not been revoked by the relevant date of such modification or waiver) or if the Issuer has notified the PRA of such modification or waiver, to the extent then required under the Capital Regulations.

(d) *Trustee to have regard to interests of Holders as a class*

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

(e) *Notification to the Holders*

Any modification, abrogation, waiver or authorisation referred to in this Condition 16 (*Meetings of Holders, Modification, Waivers and Substitution*) shall be binding on the Holders and notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 15 (*Notices*).

(f) *Substitution of the Issuer*

The Trustee may, without the consent of the Holders but subject to PRA Permission (and such PRA Permission not having been revoked by the relevant date of any substitution effected pursuant to this Condition 16(f)), agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Condition 3 (*Status*) and Condition 5 (*Winding Up or Qualifying Procedure*) in place of the Issuer (or of any previous substitute under this Condition 16) as the principal debtor under the Notes, the Trust Deed and the Agency Agreement of any Subsidiary of the Issuer (the "**Substitute**") provided that:

(i) a deed is executed or some other form of undertaking is given by the Substitute in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute had been named in the Trust Deed, the Agency Agreement and on the Notes, as the principal debtor in place of the Issuer (or of any previous substitute under this Condition);

(ii) two directors of the Substitute certify that the Substitute is solvent at the time at which the said substitution is proposed to be effected and will remain solvent immediately after such substitution is effected (and the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute or to compare the same with those of the Issuer);

(iii) if the Substitute is incorporated, domiciled or resident in a territory other than the United Kingdom, an undertaking or covenant shall be given by the Substitute in

terms corresponding to Condition 11 (*Taxation*) with the substitution for the references to the United Kingdom in the definition of "Relevant Jurisdiction" with references to such territory, whereupon the Trust Deed, these Conditions and the Notes shall be read accordingly;

(iv) if the Notes had a published rating solicited by the Issuer from one or more rating agencies at any time in the period of 12 months prior to the substitution, then the Notes are assigned by each such rating agency, or each such rating agency has informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating immediately after the substitution;

(v) if the Notes comply with the then current minimum requirements of the PRA in relation to Additional Tier 1 Capital immediately prior to the substitution, the Notes continue to comply with the then current minimum requirements of the PRA in relation to Additional Tier 1 Capital immediately following the substitution;

(vi) if the Notes are listed on the ISM or any other stock exchange or market immediately prior to the substitution, the Notes continue to be listed on the ISM or on such other stock exchange or market immediately following the substitution;

(vii) if the ordinary shares are listed on a Recognised Stock Exchange immediately prior to the substitution, the ordinary shares continue to be listed on a Recognised Stock Exchange immediately following the substitution; and

(viii) the substitution does not cause a Capital Disqualification Event or a Tax Event to occur in respect of the Notes immediately following the substitution.

Any such deed or undertaking shall, if so expressed, operate to release the Issuer or any previous substitute (as the case may be) from all of its obligations as principal debtor under the Trust Deed, the Agency Agreement and the Notes. Upon the execution of such documents and compliance with the above requirements, the Substitute shall be deemed to be named in the Trust Deed, the Agency Agreement and the Notes as the principal debtor in place of the Issuer (or in place of the previous substitute) and the Trust Deed, the Agency Agreement and the Notes shall be deemed to be modified in such manner as shall be necessary to give effect to the substitution and, without limitation, references in the Trust Deed, the Agency Agreement and the Notes to the Issuer shall, unless the context otherwise requires, be deemed to be references to the Substitute.

Any substitution pursuant to this Condition 16 shall be binding on the Holders and shall be notified by the Issuer to the Holders in accordance with Condition 15 (*Notices*) not less than 15 nor more than 60 days' prior to such substitution taking effect.

17. RIGHTS OF THE TRUSTEE

(a) *Indemnification and protection of the Trustee*

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

(b) *Trustee Contracting with the Issuer*

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

(c) *Reliance by Trustee on reports, confirmations, certificates and advice*

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institutions 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 in which event such report, confirmation or certificate or advice shall be binding on the Trustee and the Holders.

(d) *Mandatory modifications*

When implementing any modification pursuant to Condition 10(e)(i) (*Qualifying Takeover Event*), the Trustee shall not consider the interests of the Holders or any other person. The Trustee shall not be liable to the Holders or any other person for so acting or for any losses incurred by any person by reason thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person and/or is or may be a Reserved Matter.

(e) *Trustee's remuneration, liability etc*

The provisions of Conditions 4 (*Subordination*) and 5 (*Winding Up or Qualifying Procedure*) apply only to the principal and interest and any other amounts payable in respect of the Notes and nothing in Conditions 4 (*Subordination*), 5 (*Winding Up or Qualifying Procedure*), 7 (*Payments*) or 13 (*Enforcement Events and Remedies*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligations in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest or other amounts by reason of Condition 4(a) (*Solvency Condition*) or Condition 6(a) (*Cancellation of interest*), Automatic Conversion pursuant to Condition 9 (*Automatic Conversion*) or any cancellation of the Notes or write down of any claims in respect thereof following the occurrence of a Takeover Event that is not a Qualifying Takeover Event pursuant to Condition 10(e)(ii) (*Qualifying Takeover Event*). Furthermore, the Trustee shall not be responsible or liable for any calculation or the verification of any calculation in connection with any of the foregoing.

18. **FURTHER ISSUES**

The Issuer may from time to time without the consent of the Holders create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so that the same shall be consolidated and form a single series with the Notes. Any further securities which are to form a single series with the Notes constituted by the Trust Deed or any supplemental deed shall be constituted by a deed supplemental to the Trust Deed.

19. **GOVERNING LAW**

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

20. **RIGHTS OF THIRD PARTIES**

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

21. **RECOGNITION OF UK BAIL-IN POWER**

(a) *Agreement and Acknowledgement with Respect to the Exercise of the UK Bail-in Power*

Notwithstanding and to the exclusion of any other term of any Notes or any other agreements, arrangements, or understandings between the Issuer and any Holder (or the Trustee on behalf of the Holders), by its acquisition of the Notes, each Holder acknowledges and accepts that the Amounts Due arising under the Notes may be subject to the exercise of the UK Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents, and agrees to be bound by:

(i) the effect of the exercise of the UK Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:

(A) the reduction of all, or a portion, of the Amounts Due;

(B) the conversion of all, or a portion, of the Amounts Due in respect of the Notes into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Notes;

(C) the cancellation of the Notes; or

(D) the amendment of the amount of interest payable on the Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and

(ii) the variation of the terms of the Notes, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

(b) *Definitions*

For the purposes of this Condition 21 (*Recognition of UK Bail-in Power*):

"**Amounts Due**" means the principal amount of, and any accrued but unpaid interest on, the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of the UK Bail-in Power by the Resolution Authority.

"**Resolution Authority**" means the Bank of England or any successor or replacement thereto or such other authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the recovery and/or resolution of the of the Issuer and/or the Regulatory Group.

"**UK Bail-in Power**" means any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and

applicable in the United Kingdom to the Issuer or other members of the Regulatory Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of a resolution regime in the United Kingdom under the Banking Act 2009, as the same has been or may be amended from time to time (whether pursuant to the Financial Services (Banking Reform) Act 2013, secondary legislation or otherwise), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person.

(c) *Payment of Interest and Other Outstanding Amounts Due*

No repayment or payment of Amounts Due in relation to the Notes will become due and payable or be paid after the exercise of any UK Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, written-down, converted, cancelled, amended or altered as a result of such exercise.

(d) *Event of Default*

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Issuer, nor the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Notes will be an event of default or constitute a default for any purposes.

(e) *Notice*

Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Notes, the Issuer shall as soon as reasonably practicable notify the Trustee and the Principal Paying Agent in writing of such exercise and give notice of the same to Holders in accordance with Condition 15 (*Notices*). Any delay or failure by the Issuer in delivering any notice referred to in this Condition 21(e) (*Recognition of UK Bail-in Power – Notice*) shall not affect the validity and enforceability of the UK Bail-in Power and shall not constitute a default by the Issuer for any purpose.

22. **DEFINITIONS**

(a) *Definitions*

In these Conditions:

"**Accrued Interest**" means, with respect to a date fixed for redemption in accordance with Condition 8 (*Redemption and Purchase; Substitution and Variation*), any interest accrued but unpaid on the Notes from (and including) the Interest Payment Date most recently preceding such date fixed for redemption to (but excluding) such date fixed for redemption and which is unpaid, but excluding any interest which has been cancelled in accordance with Condition 4(a) (*Solvency Condition*), Condition 6(a) (*Cancellation of interest*) or Condition 9 (*Automatic Conversion*).

"**Acquirer**" means the person that controls the Issuer following a Takeover Event. For the purposes of this definition, "control" means the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or the right to appoint or remove a majority of the board of directors of the Issuer.

"**Additional Amounts**" has the meaning given to it in Condition 11(a) (*Payment without withholding*).

"**Additional Tier 1 Capital**" has the meaning given to it (or any successor term) from time to time in the Capital Regulations.

"**Adjustment Spread**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Agency Agreement**" has the meaning given to it in the preamble to these Conditions.

"**Agent**" means the Registrar, the Agent Bank and each of the other agents appointed pursuant to the Agency Agreement.

"**Agent Bank**" means The Bank of New York Mellon, London Branch or any successor agent bank appointed from time to time in connection with the Notes.

"**Alternative Rate**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Approved Entity**" means a body corporate which, on the occurrence of the Takeover Event, has in issue Approved Entity Shares.

"**Approved Entity Shares**" means ordinary shares in the capital of a body corporate that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which are listed and admitted to trading on a Recognised Stock Exchange **provided that** ordinary shares shall not be Approved Entity Shares if the conversion, or possible conversion, of the Notes into those ordinary shares would have an effect of the kind referred to in either of paragraphs (ii) or (iii) of Condition 8(d) (*Redemption for tax reasons*) on the Issuer (an "**Adverse Tax Effect**") and such Adverse Tax Effect arises as a consequence of the fact that the Notes would not be (i) "hybrid capital instruments" for the purposes of section 475C of the Corporation Tax Act 2009 or (ii) afforded equivalent treatment under any applicable successor or replacement legislation; and ordinary shares shall cease to be Approved Entity Shares if such ordinary shares are initially Approved Entity Shares, but subsequently would have an Adverse Tax Effect on or before the Conversion Date.

"**Authorised Denomination**" has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

"**Authorised Signatory**" has the meaning given to it in the Trust Deed.

"**Automatic Conversion**" means the irrevocable and automatic release of all of the Issuer's obligations under the Notes in consideration of the Issuer's issuance of the Conversion Shares at the Conversion Price to the Conversion Shares Depositary (on behalf of the Holders) or to the relevant recipient, in accordance with these Conditions and "**convert**" and "**converted**" shall be construed accordingly.

"**Automatic Conversion Notice**" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*) specifying (i) that a Trigger Event has occurred, (ii) the Conversion Date or expected Conversion Date, (iii) the Conversion Price, (iv) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 15 (*Notices*) within 10 Business Days following the Conversion Date notifying Holders of the Issuer's election and (v) that the Notes shall remain in existence for the sole purpose of evidencing the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depositary, and that the Notes may continue to be transferable until the Suspension Date, which shall be specified in the Conversion Shares Offer Notice.

"**Benchmark Amendments**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Benchmark Event**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Business Day**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Calculation Amount**" means £1,000 in principal amount of Notes.

"**Cancellation Date**" means (i) with respect to any Note for which a Conversion Shares Settlement Notice is received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the applicable Settlement Date and (ii) with respect to any Note for which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the Final Cancellation Date.

"**Capital Disqualification Event**" has the meaning given to it in Condition 8(c) (*Redemption for regulatory reasons*).

"**Capital Regulations**" means, at any time, the laws, regulations, requirements, guidelines and policies relating to capital adequacy (including, without limitation, as to leverage) then in effect in the United Kingdom including, without limitation to the generality of the foregoing, the UK CRD, and any regulations, requirements, guidelines and policies relating to capital adequacy adopted by the PRA from time to time (whether or not such requirements, guidelines or policies are applied generally or specifically to the Issuer or to the Regulatory Group).

"**Cash Dividend**" means any dividend or distribution in respect of the ordinary shares to shareholders of the Issuer which is to be paid or made in cash (in whatever currency), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital.

"**Certificate**" has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

"**Chapter 4**" has the meaning given to it in Condition 6 (*Interest*).

"**Clean-up Call Threshold**" has the meaning given to it in Condition 8(e) (*Clean-up Call Option*).

"**Clearing Systems**" means Clearstream Banking, S.A. and Euroclear Bank S.A./N.V.

"**Code**" has the meaning given to it in Condition 11 (*Taxation*).

"**Common Equity Tier 1**" means, at any time, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital of the Regulatory Group at such time, less any deductions from common equity tier 1 capital of the Regulatory Group required to be made at such time, in each case as calculated by the Issuer on a consolidated basis, in accordance with the Capital Regulations applicable to the Regulatory Group at such time, but without applying any relevant transitional provisions then in effect under the Capital Regulations (unless the Capital Regulations otherwise require or permit (explicitly or without restricting) that such transitional provisions are applied for these purposes) (which calculation shall be binding on the Trustee and the Holders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term (or any successor term) in accordance with the Capital Regulations then applicable to the Regulatory Group.

"**Common Equity Tier 1 Capital Ratio**" means, at any time, the ratio of Common Equity Tier 1 of the Regulatory Group at such time to the Risk Weighted Assets of the Regulatory Group at such time, expressed as a percentage and on the basis that all measures used in such calculation shall be calculated without applying any relevant transitional provisions then in effect under the Capital Regulations (unless the Capital Regulations otherwise require or permit (explicitly or without restricting) that such transitional provisions are applied for these purposes).

"**Companies Act**" means the Companies Act 2006.

"**Conditions**" means these terms and conditions of the Notes, as amended from time to time.

"**Conversion Date**" means the date on which the Automatic Conversion shall take place, or has taken place, as applicable.

"**Conversion Price**" means £0.765 per Conversion Share, subject to adjustment in accordance with Condition 10 (*Adjustments to the Conversion Price*).

"**Conversion Shares**" means the ordinary shares of the Issuer currently with a nominal value of $20^{8}/_{11}$ pence each to be issued to the Conversion Shares Depositary (or to the relevant recipient in accordance with these Conditions) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of the Notes outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price on the Conversion Date rounded down, if necessary, to the nearest whole number of ordinary shares.

"**Conversion Shares Depositary**" means a financial institution, trust company, depositary entity, nominee entity or similar entity (which in each such case is wholly independent of the Issuer) to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depositary in these Conditions is required to be performed, to perform such functions and which as a condition of such appointment, will be required to undertake, for the benefit of the Holders, to hold the Conversion Shares (and any Conversion Shares Offer Consideration) on behalf of such Holders in one or more segregated accounts unless otherwise required for the purposes of the Conversion Shares Offer and, in any event, on terms consistent with these Conditions.

"**Conversion Shares Offer**" has the meaning given to it in Condition 9(d) (*Conversion Share Offer*).

"**Conversion Shares Offer Agent**" means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depositary by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depositary to facilitate a Conversion Shares Offer.

"**Conversion Shares Offer Consideration**" means in respect of each Note (i) if all of the Conversion Shares are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note, (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Note and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Note rounded down to the nearest whole number of Conversion Shares, and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Note rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depositary as a consequence of the Conversion Shares Offer.

"**Conversion Shares Offer Notice**" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*) specifying (i) whether or not the Issuer has elected that a Conversion Shares Offer be made and, if so, the Conversion Shares Offer Period, (ii) the Suspension Date and (iii) details of the Conversion Shares Depositary or, if the Issuer has been unable to appoint a Conversion Shares Depositary, such other arrangements for the issuance and/or delivery of the Conversion Shares or the Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances.

"**Conversion Shares Offer Period**" means the period during which the Conversion Shares Offer may occur, which period shall end no later than 40 Business Days after the delivery of the Conversion Shares Offer Notice.

"**Conversion Shares Settlement Notice**" means a written notice to be delivered by a Holder to the Conversion Shares Depositary (or to the relevant recipient in accordance with these Conditions), with a copy to the Trustee, no earlier than the Suspension Date containing the following information: (i) the name of the Holder, (ii) the aggregate amount of the Authorised Denomination of the Notes held by such Holder on the date of such notice, (iii) the name to be entered in the Issuer's share register, (iv) the details of the CREST or other clearing system account or, if the Conversion Shares are not a participating security in CREST or another clearing system, the address to which the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) should be delivered, (v) the details of the sterling account maintained with a bank in London for the payment of any cash (if applicable in accordance with these Conditions) and (vi) such other details as may be required by the Conversion Shares Depositary.

"**Conversion Shares Settlement Request Notice**" means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 15 (*Notices*) on the Suspension Date requesting that Holders complete a Conversion Shares Settlement Notice and specifying (i) the Notice Cut-off Date and (ii) the Final Cancellation Date.

"**Current Market Price**" means, in respect of an ordinary share at a particular date, the average of the daily Volume Weighted Average Price of an ordinary share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; **provided that**, if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement), then:

(i) if the ordinary shares to be issued do not rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or

(ii) if the ordinary shares to be issued do rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and **provided further that**, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) in respect of a Cash Dividend (or other entitlement) which has been declared or announced but the ordinary shares to be issued do not rank for that Cash Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit, and **provided further that**, if the Volume Weighted Average Price of an ordinary share is not available on one or more

of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

"**Day Count Fraction**" means:

(i) where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Issue Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) two; or

(ii) where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) two; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) two.

"**dealing day**" means a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is open for business and on which ordinary shares may be dealt in (other than a day on which the Relevant Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

"**Determination Date**" means 1 May and 1 November in any year.

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where the Issue Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

"**Distributable Items**" shall have the meaning assigned to such term in the Capital Regulations then applicable, but amended so that for so long as there is any reference therein to "before distributions to holders of own funds instruments" it shall be read as a reference to "before distributions to holders of Parity Securities, the Notes or any Junior Securities".

"**Effective Date**" means, for the purposes of Condition 10(a)(iii) (*Adjustments to the Conversion Price*), the first date on which the ordinary shares are traded ex-rights, on the Relevant Stock Exchange and, for the purposes of Condition 10(a)(iv) (*Adjustments to the Conversion Price*), the first date on which the ordinary shares are traded ex- the relevant Cash Dividend on the Relevant Stock Exchange.

"**EU CRD**" means:

(i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms, as amended before IP completion day; and

(ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and

repealing Directives 2006/48/EC and 2006/49/EC, as amended before IP completion day.

"**Exempt Newco Scheme**" means a Newco Scheme where, immediately after completion of the relevant Scheme of Arrangement, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Relevant Stock Exchange or (ii) admitted to listing on such other Recognised Stock Exchange as the Issuer or Newco may determine.

"**Existing Shareholders**" has the meaning given to it in the definition of Newco Scheme.

"**Extraordinary Dividend**" means any Cash Dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders as a class or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed.

"**FATCA Withholding Tax**" has the meaning given to it in Condition 11(a) (*Payment without withholding*).

"**Five-year Mid-Market Swap Rate Quotations**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Final Cancellation Date**" means the date on which the Notes in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary on or before the Notice Cut-off Date shall be cancelled, which date may be up to 12 Business Days following the Notice Cut-off Date.

"**First Reset Date**" has the meaning given to it in Condition 6(b) (*Interest Rate and Interest Payment Dates*).

"**Governmental Entity**" means (i) the United Kingdom Government, (ii) an agency of the United Kingdom Government or (iii) a person or entity (other than a body corporate) controlled by the United Kingdom Government or any such agency referred to in (ii). If the Issuer is then organised in another jurisdiction, the references to "United Kingdom Government" shall be read as references to the government of such other jurisdiction.

"**IA Determination Cut-off Date**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Independent Adviser**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Independent Financial Adviser**" means an independent financial institution of international repute appointed by the Issuer at its own expense.

"**Initial Interest Rate**" has the meaning given to it in Condition 6(b)(i) (*Interest Rate and Interest Payment Dates*).

"**Insolvency Act**" means the Insolvency Act 1986.

"**Interest Amount**" means the amount of interest payable on each Note on an Interest Payment Date, subject to Condition 6 (*Interest*).

"**Interest Payment Date**" has the meaning given to it in Condition 6(b) (*Interest Rate and Interest Payment Dates*).

"**Interest Period**" has the meaning given to it in Condition 6(b) (*Interest Rate and Interest Payment Dates*).

"**Interest Rate**" means the Initial Interest Rate and/or the applicable Reset Interest Rate, as the case may be.

"**IP completion day**" has the meaning given in the European Union (Withdrawal Act) 2020.

"**Issue Date**" means 1 October 2025.

"**Issuer**" has the meaning given to it in the preamble to these Conditions.

"**Junior Securities**" means any ordinary shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, junior to the Notes in a Winding Up or Qualifying Procedure occurring prior to a Trigger Event.

"**LSE**" means the London Stock Exchange plc.

"**Margin**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Maximum Distributable Amount**" has the meaning given to it in Condition 6(a) (*Cancellation of interest*).

"**Mid-Market Swap Rate**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

The "**New Conversion Condition**" shall be satisfied if (a) by not later than seven Business Days following the completion of a Takeover Event where the Acquirer is an Approved Entity, there shall be arrangements in place with the Trustee for the benefit of the Holders for the Approved Entity to provide for issuance of Approved Entity Shares following an Automatic Conversion of the Notes on terms *mutatis mutandis* identical to Condition 9(a) (*Automatic Conversion on a Trigger Event*) and 9(b) (*Consequences of Automatic Conversion*) and (b) the Issuer, in its sole and absolute discretion has determined that such arrangements are in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the Holders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body).

"**New Conversion Price**" means the amount determined in accordance with the following formula, which shall apply from the QTE Effective Date:

$$\mathrm{NCP} = \mathrm{ECP} * (\mathrm{VWAPAES}/\mathrm{VWAPOS})$$

where:

"**NCP**" is the New Conversion Price.

"**ECP**" is the Conversion Price in effect on the dealing day immediately prior to the QTE Effective Date.

"**VWAPAES**" means the average of the Volume Weighted Average Price of the Approved Entity Shares (translated, if necessary, into sterling at the Prevailing Rate on the relevant dealing day) on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of "**Volume Weighted Average Price**" to "**ordinary share**" shall be construed as a reference to the Approved Entity Shares and in the definition of "**dealing day**," references to the "**Relevant Stock Exchange**" shall be to the relevant Recognised Stock Exchange on which the Approved Entity Shares are then listed, admitted to trading or quoted or accepted for dealing).

"**VWAPOS**" is the average of the Volume Weighted Average Price of the ordinary shares (translated, if necessary, into sterling at the Prevailing Rate on

the relevant dealing day) on each of the five dealing days ending on the dealing day immediately prior to the closing date of the Takeover Event.

"**Newco**" has the meaning given to it in the definition of Newco Scheme.

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

"**Notes**" has the meaning given to it in the preamble to these Conditions.

"**Holder**" has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

"**Notice Cut-off Date**" means the date specified as such in the Conversion Shares Settlement Request Notice, which date shall be at least 40 Business Days following the Suspension Date.

"**Notional Preference Share**" has the meaning given to it in Condition 5(a) (*Winding Up or Qualifying Procedure occurring prior to a Trigger Event*).

"**ordinary shares**" means (a) prior to the QTE Effective Date, fully paid ordinary shares in the capital of the Issuer currently with a nominal value of $20^{8}/_{11}$ pence each and (b) on and after the QTE Effective Date, the relevant Approved Entity Shares.

"**own funds**" has the meaning given to it (or any successor term) from time to time in the Capital Regulations.

"**own funds instruments**" has the meaning given to it (or any successor term) from time to time in the Capital Regulations.

"**Parity Securities**" means any preference shares, securities or other obligations of the Issuer (including any guarantee or other support obligations) which rank, or are expressed to rank, *pari passu* with the Issuer's obligations in respect of the Notes on a Winding Up or Qualifying Procedure occurring prior to a Trigger Event (and, shall include any other securities qualifying at issuance as Additional Tier 1 Capital of the Issuer (if any) from time to time outstanding).

"**Paying Agent**" means each entity appointed as a paying agent from time to time pursuant to the Agency Agreement, including the Principal Paying Agent.

"**payment business day**" has the meaning given to it in Condition 7(d) (*Payment on Business Days*).

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

"**PRA**" means the Prudential Regulation Authority or any successor or replacement thereto or such other authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the prudential oversight and supervision of the Issuer and/or the Regulatory Group.

"**PRA Permission**" means, in relation to any actions, such supervisory permission required therefor within prescribed periods from the PRA, or such waiver under the Capital Regulations from the PRA, as is required under the Capital Regulations.

"**PRA Rulebook**" means the rulebook of the PRA, as amended from time to time.

"**Prevailing Rate**" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon, London time, on that date as appearing on or derived from the relevant page on Bloomberg (or such other information service provider that displays the relevant information) or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon, London time, on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the relevant page on Bloomberg (or such other information service provider that displays the relevant information), the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe.

"**Principal Paying Agent**" means The Bank of New York Mellon, London Branch or any successor principal paying agent appointed from time to time in connection with the Notes.

"**QTE Effective Date**" means the date with effect from which the New Conversion Condition shall have been satisfied.

"**Qualifying Additional Tier 1 Notes**" means securities issued directly or indirectly by the Issuer that:

(a) have terms not materially less favourable to an investor than the terms of the Notes being substituted or varied (as reasonably determined by the Issuer) and provided that a certification by two Authorised Signatories of the Issuer to such effect and certifying that the relevant circumstances referred to in Condition 8(f) (*Substitution or Variation*) exist and that the conditions referred to therein have been satisfied, shall have been delivered to the Trustee prior to the issue or, as appropriate, variation of the Notes, and, subject thereto, which:

(i) contain terms which comply with the then current minimum requirements of the PRA in relation to Additional Tier 1 Capital, required to ensure that such Qualifying Additional Tier 1 Notes qualify as Additional Tier 1 Capital;

(ii) include terms which provide for the same Interest Rate or rate of return from time to time applying to the Notes, and preserve the Interest Payment Dates;

(iii) rank senior to, or *pari passu* with, the ranking of the Notes;

(iv) preserve any existing rights under the Conditions to any accrued interest or other amounts which have not been paid in respect of the period from (and including) the Interest Payment Date last preceding the date of substitution or variation (but without prejudice to the right of the Issuer to cancel the same under the terms of the Qualifying Additional Tier 1 Notes);

(v) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption;

(vi) are issued in the same currency as the Notes;

(vii) to the extent that such securities are issued indirectly, benefit from a subordinated guarantee from the Issuer which ranks at least *pari passu* with the Notes and any other Additional Tier 1 Capital securities of the Issuer (if any) from time to time outstanding; and

(viii) where the Notes had a published rating solicited by the Issuer from one or more rating agencies immediately prior to their substitution or variation, have been assigned by each such rating agency, or each such rating agency has informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating.

(b) if the Notes are listed on the International Securities Market of the London Stock Exchange plc (the "**ISM**") or any other stock exchange or market (i) are listed on the ISM or (ii) listed on such other stock exchange or market at that time as selected by the Issuer.

"**Qualifying Procedure**" has the meaning given to it in Condition 5(a) (*Winding Up or Qualifying Procedure occurring prior to a Trigger Event*).

"**Qualifying Takeover Event**" means a Takeover Event where: (i) the Acquirer is an Approved Entity; and (ii) the New Conversion Condition is satisfied.

"**Recognised Stock Exchange**" means a Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in the United Kingdom or another OECD member state.

"**Record Date**" has the meaning given to it in Condition 7(f) (*Record date*).

"**Reference Date**" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any further Notes have been issued pursuant to Condition 18 (*Further Issues*).

"**Reference Rate**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Register**" has the meaning given to it in Condition 1 (*Form, Denomination and Title*).

"**Registrar**" means The Bank of New York Mellon SA/NV, Dublin Branch or such other registrar appointed by the Issuer from time to time in respect of the Notes in accordance with these Conditions.

"**Regulated Market**" means a regulated market as defined by Article 4.1(21) of Directive 2014/65/EC of the European Parliament and of the Council on markets in financial instruments or as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the Withdrawal Act, as each may be amended or replaced from time to time.

"**Regulatory Group**" means the Issuer, its subsidiary undertakings, participations, participating interests and any subsidiary undertakings, participations or participating interests held (directly or indirectly) by any of its subsidiary undertakings from time to time and any other undertakings from time to time consolidated with the Issuer for regulatory purposes, in each case in accordance with the rules and guidance of the PRA then in effect.

"**Regulatory Preconditions**" means, in relation to any redemption or purchase of the Notes, to the extent then required by the Capital Regulations:

(i)

(A) before or at the same time as such redemption or purchase the Regulatory Group replaces the Notes with own funds instruments of equal or higher

quality at terms that are sustainable for the income capacity of the Regulatory Group; or

(B) the Issuer having demonstrated to the satisfaction of the PRA that the own funds and eligible liabilities of the Regulatory Group would, following such redemption or purchase, exceed the requirements laid down in UK CRD and the UK legislation that implemented Directive 2014/59/EU by a margin that the PRA considers necessary at such time; and

(ii) in the case of a redemption pursuant to Condition 8(c) (*Redemption for regulatory reasons*), 8(d) (*Redemption for tax reasons*) or 8(e) (*Clean-up Call Option*) or a purchase pursuant to Condition 8(g) (*Purchases*) occurring prior to the fifth anniversary of the Issue Date only:

(A) in the case of a redemption due to the occurrence of a Capital Disqualification Event, the PRA considering such change to be sufficiently certain and the Issuer having demonstrated to the satisfaction of the PRA that such Capital Disqualification Event was not reasonably foreseeable as at the Issue Date;

(B) in the case of a redemption due to the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the PRA that such Tax Event is material and was not reasonably foreseeable as at the Issue Date;

(C) in the case of a redemption pursuant to Condition 8(e) (*Clean-up Call Option*) or purchase pursuant to Condition 8(g) (*Purchases*), the Issuer having demonstrated to the satisfaction of the PRA that the Issuer has (or will have), before or at the same time as such redemption or purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the PRA having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or

(D) in the case of a purchase pursuant to Condition 8(g) (*Purchases*), the relevant Notes are being purchased for market-making purposes in accordance with the Capital Regulations,

provided that if, at the time of such redemption or purchase the Capital Regulations permit the redemption or purchase after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (i) and (ii) of this definition, the Issuer having complied with such other pre-condition(s) in addition to or in lieu of the above pre-conditions.

The granting of the PRA Permission in respect of such redemption or purchase shall be treated (without liability) by the Issuer, the Trustee, the Holders and all other interested parties as conclusive and sufficient evidence of the satisfaction of these pre-conditions.

"**Relevant Currency**" means sterling or, if at the relevant time or for the purposes of the relevant calculation or determination the LSE is not the Relevant Stock Exchange, the currency in which the ordinary shares are quoted or dealt in on the Relevant Stock Exchange at such time.

"**Relevant Date**" means (A) in respect of any payment other than a sum to be paid by the Issuer in a Winding Up or Qualifying Procedure, whichever is the later of: (1) the date on which the payment in question first becomes due; and (2) if the full amount payable has not been received by the Registrar or another Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Holders and (B) in respect of a sum to be paid by the Issuer in a Winding Up or Qualifying Procedure, the date which is one day prior to the date on which an order

is made or a resolution is passed for the winding up (or, in the case of an administration, one day prior to the date on which any dividend is distributed).

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

"**Relevant Nominating Body**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Relevant Screen Page**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Relevant Stock Exchange**" means the LSE or, if at the relevant time the ordinary shares are not at that time listed and admitted to trading on the LSE, the principal stock exchange or securities market on which the ordinary shares are then listed, admitted to trading or quoted or accepted for dealing.

"**Reserved Matter**" has the meaning given to it in Condition 16(a) (*Meetings of Holders*).

"**Reset Date**" means the First Reset Date and each fifth anniversary date thereafter.

"**Reset Determination Date**" has the meaning given to it Condition 6(d) (*Reset Interest Rate*).

"**Reset Interest Rate**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

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

"**Reset Reference Bank Rate**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Reset Reference Banks**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Reset Reference Rate**" has the meaning given to it in Condition 6(d) (*Reset Interest Rate*).

"**Risk Weighted Assets**" means, at any time, the aggregate amount, expressed in pounds sterling, of the total risk exposure amount of the Regulatory Group at such time, as calculated by the Issuer on a consolidated basis, in accordance with the Capital Regulations applicable to the Regulatory Group at such time, but without applying any relevant transitional provisions then in effect under the Capital Regulations (unless the Capital Regulations otherwise require or permit (explicitly or without restricting) that such transitional provisions are applied for these purposes) (which calculation shall be binding on the Trustee and the Holders).

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

"**secondary non-preferential debts**" shall have the meaning given to it in the Insolvency Act;

"**Senior Creditors**" means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; (b) whose claims are, or are expressed to be, subordinated (whether only in the event of a winding up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; (c) who are creditors in respect of any secondary non-preferential debts; or (d) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those

whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders in a winding up occurring prior to the Trigger Event.

"**Settlement Date**" means (i) with respect to any Note in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the later of (a) the date that is two Business Days after the end of the relevant Conversion Shares Offer Period and (b) the date that is two Business Days after the date on which such Conversion Shares Settlement Notice has been received by the Conversion Shares Depositary and (ii) with respect to any Note in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depositary on or before the Notice Cut-off Date, the date on which the Conversion Shares Depositary delivers the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable.

"**shareholders**" means the holders of ordinary shares.

"**Solvency Condition**" has the meaning given to it in Condition 4(a) (*Solvency Condition*).

"**£**", "**sterling**", "**pounds sterling**" and "**pence**" are to the lawful currency for the time being of the United Kingdom.

"**Subsidiary**" has the meaning given to it in Section 1159 of the Companies Act.

"**Successor Rate**" has the meaning given to it in Condition 6(h) (*Benchmark Replacement*).

"**Suspension Date**" means, with respect to each Clearing System, the date specified in the Conversion Shares Offer Notice as the date on which such Clearing System shall suspend all clearance and settlement of transactions in the Notes in accordance with its rules and procedures, which date shall be no later than 38 Business Days after the delivery of the Conversion Shares Offer Notice to such Clearing System (and, if the Issuer elects that a Conversion Shares Offer be made, such date shall be at least two Business Days prior to the end of the relevant Conversion Shares Offer Period).

A "**Takeover Event**" shall occur if an offer is made to all (or as nearly as may be practicable all) shareholders (or all (or as nearly as may be practicable all) such shareholders other than the offeror and/or any associate (as defined in Section 988(1) of the Companies Act) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in any person and/or any associate of that person (as defined in Section 988(1) of the Companies Act), in each case, other than in the event of a Newco Scheme.

"**Takeover Event Notice**" means the notice to the Trustee and the Holders in accordance with Condition 15 (*Notices*) notifying them that a Takeover Event has occurred and specifying: (1) the identity of the Acquirer; (2) whether the Takeover Event is a Qualifying Takeover Event or not; (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and (4) if applicable, the QTE Effective Date.

"**Tax Event**" has the meaning given to it in Condition 8(d) (*Redemption for tax reasons*).

"**Taxes**" has the meaning given to it in Condition 11(a) (*Payment without withholding*).

"**Tier 1 Capital**" has the meaning given to it (or any successor such term) from time to time in the Capital Regulations.

"**Transfer Agent**" means The Bank of New York Mellon SA/NV, Dublin Branch or any successor or other transfer agent appointed from time to time in connection with the Notes.

"**Trigger Event**" means the Common Equity Tier 1 Capital Ratio of the Regulatory Group falls below 7.00 per cent.

"**Trustee**" means M&G Trustee Company Limited or such other trustee appointed by the Issuer from time to time in respect of the Notes in accordance with the Conditions and the Trust Deed.

"**Trust Deed**" has the meaning given to it in the preamble to these Conditions.

"**UK CRD**" means the legislative package consisting of:

(i) the UK CRR;

(ii) the law of the UK or any part of it (as amended or replaced in accordance with domestic law from time to time), which immediately before IP completion day implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures, such Directive as amended before IP completion day; and

(iii) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day implemented EU CRD as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act, and as the same may be amended or replaced in accordance with domestic law from time to time.

"**UK CRR**" means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms, as amended before IP completion day, as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act and as the same may be further amended or replaced in accordance with domestic law from time to time.

"**Volume Weighted Average Price**" means, in respect of an ordinary share (or an Approved Entity Share, as applicable) on any dealing day, the order book volume-weighted average price of an ordinary share (or Approved Entity Share, as applicable) published by or derived from the relevant Bloomberg page or such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, **provided that** if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an ordinary share (or an Approved Entity Share, as applicable) in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

"**Winding Up**" has the meaning given to it in Condition 5(a) (*Winding Up or Qualifying Procedure occurring prior to a Trigger Event*).

"**Winding Up Event**" means with respect to the Notes, if:

(i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be incorporated) makes an order for the winding up of the Issuer which is not successfully appealed within 30 days of the making of such order, or the Issuer's shareholders adopt an effective resolution for the winding up of the Issuer (except, in any such case, a solvent winding up solely for the purposes of a reorganisation, reconstruction, merger or amalgamation the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution);

(ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or

(iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

"**Withdrawal Act**" means the European Union (Withdrawal) Act 2018.

(b) *Construction of certain references*

In these Conditions, unless otherwise specified or unless the context otherwise requires:

(i) references to Notes being "outstanding" shall be construed in accordance with the Trust Deed;

(ii) references to any issue or offer or grant to shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, as the case may be, other than shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;

(iii) references to "ordinary share capital" has the meaning provided in Section 1119 of the Corporation Tax Act 2010 and "equity share capital" has the meaning provided in Section 548 of the Companies Act;

(iv) references to the "issue" of Conversion Shares shall include the transfer and/or delivery of Conversion Shares by the Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing;

(v) ordinary shares held by the Issuer or any of its Subsidiaries shall not be considered as or treated as "in issue";

(vi) references to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such modification or re-enactment; and

(vii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes are represented by a Global Certificate that is registered in the name of a nominee for, and deposited with, a common depositary for the Clearing Systems.

The Global Certificate contains provisions that modify the Conditions as they apply to the Notes evidenced by the Global Certificate, and a summary of certain of those provisions is set out below.

Exchange for Individual Certificates

Registration of title to Notes in a name other than that of a nominee for the Clearing Systems will be permitted only if (i) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business, (ii) a Winding Up Event occurs or (iii) the Issuer fails to pay any amount that has become due and payable under the Notes as provided in Condition 13(a)(i) (*Enforcement Events and Remedies – Enforcement Events – Non-payment*). The Issuer shall notify the registered holder of the Global Certificate of the occurrence of any of the events specified in (i), (ii) or (iii) as soon as practicable thereafter.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates shall be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled thereto and, in particular, shall be effected without charge to any registered holder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange. In this paragraph, "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has either the office identified with its name in the Conditions of the Notes or any other office notified to any relevant parties pursuant to the Agency Agreement.

Accountholder

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and/or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Holders) other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the registered holder of the Global Certificate in accordance with and subject to the terms of the Global Certificate and the Trust Deed.

Transfers

Book-entry interests in the Notes represented by the Global Certificate are transferable only in accordance with, and subject to, the provisions hereof and the rules and operating procedures of the Clearing Systems. Transfers of such book-entry interests will be effected through the records of the Clearing Systems and their respective direct and indirect participants in accordance with the rules and procedures of the Clearing Systems and their respective direct and indirect participants.

Payments

Payments due in respect of Notes represented by the Global Certificate which, according to the Conditions, require surrender or endorsement of a Certificate, shall be made to or to the order of the registered holder and such payment will discharge the obligations of the Issuer in respect of the relevant payment under the

Notes. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg as the case may be, for its share of each payment made to or to the order of the registered holder.

Notices

Notwithstanding Condition 15 (*Notices*) and Condition 9 (*Automatic Conversion*), so long as all of the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Clearing Systems, or any other clearing system (an "**Alternative Clearing System**"), notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System (as the case may be) for communication to the relative accountholders rather than by publication as required by Condition 15 (*Notices*) **provided that**, so long as the Notes are admitted to listing or trading on any stock exchange, such notice is also given in a manner which complies with the rules and regulations of such stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the Holders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System (as the case may be) as aforesaid.

Conversion Shares Settlement Notice

Notwithstanding Condition 9(e)(vii) (*Automatic Conversion – Settlement Procedure*), so long as the Notes are represented by the Global Certificate deposited with a depositary or a common depositary for the Clearing Systems or an Alternative Clearing System, a Conversion Shares Settlement Notice may be given by a Holder by delivering it to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System and, in any case, such notices shall be deemed to have been delivered to the Conversion Shares Depositary on the date of delivery of such notice to the Conversion Shares Depositary by Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System and/or its depository or common depository.

Cash component

Notwithstanding Condition 9(e)(iii) (*Automatic Conversion – Settlement Procedure*), so long as the Notes are represented by the Global Certificate deposited with a depositary or a common depositary for the Clearing Systems or an Alternative Clearing System, the cash component, if any, of any Conversion Shares Offer Consideration will be delivered through the facilities of the Clearing Systems on or around the date on which the Conversion Shares Offer Period ends, subject to the applicable rules and operating procedures of the Clearing System in effect at such time.

Payment Business Day

In the case of all payments made in respect of the Global Certificate, so long as the Global Certificate is held on behalf of a Clearing System or an Alternative Clearing System, the definition for "**payment business day**" in Condition 7(d) (*Payment on Business Days*) shall be amended and shall be any day on which banks are open for general business (including dealings in foreign currencies) in London.

Record Date

For so long as all Notes are held in the Clearing Systems, the Record Date shall be determined in accordance with Condition 7(f) (*Record date*) **provided that** the words "fifteenth day" shall be deemed to be replaced with "Clearing System Business Day". "**Clearing System Business Day**" means a day on which each clearing system is open for business.

Calculation of interest

For so long as all of the Notes outstanding are represented by the Global Certificate, interest will be calculated in respect of the aggregate principal amount of the Notes represented by the Global Certificate (and not per Calculation Amount as provided in Condition 6(c) (*Calculation of interest*)) but otherwise in accordance with Condition 6 (*Interest*).

Clearing Systems

References in the Global Certificate and in this Offering Circular to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

Electronic Consent and Written Resolution

For so long as the Notes are represented by the Global Certificate and the Global Certificate is held on behalf of the Clearing Systems and/or an Alternative Clearing System then, in respect of any resolution proposed by the Issuer or the Trustee:

(a) where the terms of the resolution proposed by the Issuer or the Trustee (as the case may be) have been notified to the Holders through the Clearing Systems and/or an Alternative Clearing System as provided in the Trust Deed, each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant Clearing Systems and/or an Alternative Clearing System, as the case may be, to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in aggregate principal amount of the Notes outstanding by close of business on the relevant time and date for the blocking of their accounts in the relevant Clearing System and/or Alternative Clearing System (an "**Electronic Consent**"). Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Neither the Issuer nor the Trustee shall be liable or responsible to anyone for such reliance; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Trust Deed) has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, (i) by accountholders in the Clearing Systems and/or an Alternative Clearing System, as the case may be, with entitlements to such Global Certificate and/or, (ii) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that Accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (i) above, the Clearing Systems and/or an Alternative Clearing System, as the case may be, and, in the case of (ii) above, the Clearing Systems and/or an Alternative Clearing System, as the case may be, and the accountholder identified by the relevant clearing system for the purposes of (ii) above. Any Written Resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EasyWay or Clearstream, Luxembourg's Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds of the issue of the Notes will be used for the general corporate purposes of the Group including the financing of the repurchase of certain of the Existing Notes. On 23 September 2025, the Issuer announced an invitation to holders of its Existing Notes to tender their Existing Notes (up to a maximum acceptance amount) for purchase by the Issuer for cash. The offering of the Notes is not conditional on any minimum amount of the Existing Notes being repurchased pursuant to such tender offer.

BUSINESS DESCRIPTION

INTRODUCTION

Established in 1880, Vanquis Banking Group plc is the ultimate parent company of the Group, which is one of the leading providers of personal credit products to the non-standard credit market in the UK, servicing 1.70 million customers as at 30 June 2025.

The Issuer was incorporated as a public limited company in England and Wales on 31 August 1960 with registered number 00668987. It has its principal place of business and registered office at Fairburn House, 5 Godwin Street, Bradford, West Yorkshire, BD1 2AH and its telephone number is +44 1274 351 135.

The Group operates two business divisions which provided specialised products to meet the needs of the non-standard credit market: (i) the Vanquis Bank division ("**Vanquis Bank**"); and (ii) the Moneybarn division ("**Moneybarn**"). Following the sale of the Personal Loans business in the six months ended 30 June 2025 ("**1H 2025**"), the Group now comprises four segments: the three core lending products - Credit Cards, Vehicle Finance, and Second Charge Mortgages - and the Corporate Centre. The Corporate Centre includes the residual performance of the Retail Savings business, Treasury results after product allocations, Snoop, and other immaterial or central items.

As at 30 June 2025, Vanquis Bank had over 1.2 million customers and over £1.7 billion in gross customer interest earning balances from both Credit Cards and Second Charge Mortgages, with an estimated 16 per cent. share of the UK non-prime (i.e. near-prime, mid-cost and sub-prime) segment for credit cards and an estimated 6 per cent. share of the UK Second Charge Mortgages stock. As at 30 June 2025, Moneybarn had 106,000 customers and £733 million in gross customer interest earning balances, representing approximately 19 per cent. market share of the UK non-prime segment.

The Group's driving social purpose is to deliver caring banking so its customers can make the most of life's opportunities which is inherently linked with its focus on providing consumers otherwise not well served by the mainstream credit market with a broad range of products suited to their individual needs.

The Group's strategy is to build upon its successful repositioning to a specialist banking group focused on mid-cost lending and has thus continued its expansion into near-prime segments. The Group's strategic and operational initiatives include: (i) investing for the future in IT and talent; (ii) developing its customer proposition with digital enhancements; and (iii) optimising its cost base.

RECENT DEVELOPMENTS

Discontinued operations

The Group sold its Personal Loan portfolio in March 2025. In accordance with IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' this business segment is presented in the 2025 Group Interim Financial Statements as discontinued operations.

Segmental reporting

During 1H 2025 the Group reviewed and reallocated interest income, interest expense and costs to different product segments as reported under IFRS 8. This re-presentation is a further step in the Group's on-going commitment to enhance disclosures and to provide a more transparent reporting of the Group's continuing operations by product.

Exceptional items

The Group has transitioned to reporting solely on a statutory basis, removing adjustments for goodwill write-offs, transformation and other exceptional costs, and amortisation of acquisition intangibles.

This follows actions taken in 2024 that resulted in a cleaner, lower-risk balance sheet and improved transparency at both Group and product levels. Adjusted performance is expected to closely align with statutory results.

Group's performance for the six months ended 30 June 2025

The Group's statutory profit before tax from continuing operations ("**PBT**") for 1H 2025 was £6.2 million (six months ended 30 June 2024 ("**1H 2024**"): loss of £46.1 million).

- The Group was profitable in both quarters of 1H 2025, delivering a statutory profit before tax from continuing operations of £6.2 million (1H 2024: loss of £46.1 million) and was capital accretive with a statutory return on tangible equity ("**ROTE**") of 3.1 per cent. (1H 2024: (18.9) per cent.), in line with the guidance of low single digit ROTE for 2025.

- As at 30 June 2025, the Group held Common Equity Tier 1 of £348 million (1H 2024: £359 million), which equated to a CET1 ratio of 18.5 per cent. (1H 2024: 19.8 per cent.) and total capital of £548 million (1H 2024: £559 million) equating to a Total Capital Ratio of 29.1 per cent. (1H 2024: 30.8 per cent.). The overall decrease in the Total Capital Ratio reflects statutory losses incurred in the period from 30 June 2024 to 30 June 2025 and an increase in risk-weighted assets to £1,883 million (1H 2024: £1,813 million), which was predominantly attributable to an increase in lending assets.

- Gross customer interest-earning balances grew 9 per cent. in 1H 2025 to £2,459 million (1H 2024: £2,252 million).

- Improved credit quality drove a reduction in cost of risk to 6.6 per cent. (1H 2024: 8.5 per cent.), resulting in a 7 per cent. increase in risk adjusted income to £143.6 million (1H 2024: £133.8 million).

- The Group's total high quality liquid resources held by Vanquis Bank of £873 million (1H 2024: £717 million) included c.£115 million invested in UK gilts (1H 2024: £nil), with the remainder held in the Bank of England reserve account (the "**Reserve Account**").

- The board of directors of the Issuer announced no dividend with respect to 1H 2025 (1H 2024: nil).

Credit card business

The Group's credit card business reported a profit before tax for 1H 2025 of £12.6 million (1H 2024: £11.3 million), which reflected transformation cost savings and lower complaint costs offset by a reduction in total income.

- Total customer numbers decreased 2 per cent. to 1,290,000 (1H 2024: 1,321,000), but increased 2 per cent. from December 2024, reflecting a return to growth in the three months ended 30 June 2025 ("**2Q 2025**") following a comprehensive review of customer cohorts by risk profile, vintage and acquisition channel to ensure the future sustainable profitability of the portfolio.

- Gross customer interest-earning balances increased 5 per cent. to £1,355 million (1H 2024: £1,295 million), all in 2Q 2025 following stable balances in the three months to 31 March 2025, reflecting both credit line increases of existing customers, and new customer growth following the release of new product variants.

- Net receivables increased 7 per cent. to £1,232 million (1H 2024: £1,151 million), reflecting the growth in interest-earning balances and a 12 per cent. reduction in expected credit losses ("**ECL**") to £158 million (1H 2024: £181 million), driven by a better quality portfolio, with increased balances in Stage 1 and 2 and a reduction in Stage 3 balances.

- Total income decreased 3 per cent. to £170.3 million (1H 2024: £175.3 million). Net interest income reduced 2 per cent. to £154.3 million (1H 2024: £156.7 million), with non-interest income decreasing 14 per cent. to £16.0 million (1H 2024: £18.6 million). Net interest margin increased 0.5 per cent. to 24.0 per cent. and total income margin increased 0.2 per cent. to 26.5 per cent.

- Impairment charges were broadly stable at £64.0 million (1H 2024: £63.5 million), reflecting increased origination charges in line with growth in new gross customer interest earning balances offset by an increased IFRS9 modelled impairment benefit, as underlying credit quality improved. Cost of risk increased 0.5 per cent. to 10.0 per cent.

- Operating costs decreased 7 per cent. to £93.7 million (1H 2024: £100.5 million), driven by transformation cost savings and lower complaint costs, more than offsetting growth and inflation driven cost increases and an accrual for discretionary staff costs.

Vehicle finance business

The Group's vehicle finance business generated profit before tax of £1.4 million for 1H 2025 (1H 2024: loss before tax of £18.3 million) and net receivables at the period end were £709 million (1H 2024: £760 million)

- Total customer numbers decreased 4 per cent. to 106,000 (1H 2024: 110,000), reflecting moderated new business growth in the near-term in advance of the new onboarding and servicing platform being delivered by mid-2026 as part of the Gateway technology transformation. A new lending decision engine was introduced in 2024 enabling a more granular level of portfolio segmentation and delivered a stronger platform to optimise higher-margin customer segments in 1H 2025.

- Gross customer interest-earning balances decreased 14 per cent. to £733 million (1H 2024: £850 million), driven by the combination of the prior year impact of the Vehicle Finance receivables review resulting in an updated charge-off policy reclassifying Stage 3 impaired loans to post-charge-off assets, and the moderating of new business growth.

- Net receivables decreased 7 per cent. to £709 million (1H 2024: £760 million), reflecting the reduction in interest-earning balances and a 46 per cent. reduction in ECL to £86 million (1H 2024: £160 million). ECL reduced across stages given the reduction in balances, but particularly in Stage 3 driven by the reduction in impaired loans following the receivables review.

- Total income decreased 10 per cent. to £48.6 million (1H 2024: £54.0 million), which represented all net interest income. Net interest margin and total income margin increased 0.3 per cent. respectively to 13.1 per cent.

- The prior year Vehicle Finance receivables review drove elevated impairment in 2024, resulting in a clearer cost of risk outlook for the portfolio. Impairment charges decreased 57 per cent. to £12.7 million (1H 2024: £29.5 million), reflecting reduced origination charges in line with the reduction in new gross customer interest-earning balances and an increased IFRS9 modelled impairment benefit, as underlying credit quality improved. Cost of risk reduced 3.6 per cent. to 3.4 per cent.

- Risk adjusted income increased 47 per cent. to £35.9 million (1H 2024: £24.5 million) and risk adjusted margin improved 3.9 per cent. to 9.7 per cent.

- Operating costs decreased 19 per cent. to £34.5 million (1H 2024: £42.8 million), driven by transformation cost savings, more than offsetting growth and inflation driven cost increases and an accrual for discretionary staff costs.

Second charge mortgages business

During 1H 2025, the second charge mortgages business generated profit before tax of £2.4 million (1H 2024: loss before tax of £0.3 million) and had net customer receivables of £385 million (1H 2024: £32 million).

- Total customer numbers increased to 6,300 (1H 2024: 600) following the successful growth of the forward flow agreement with Interbridge Mortgages and expanded partnership with Selina Finance.

- Gross customer interest-earning balances increased to £371 million (1H 2024: £30 million) and net receivables increased to £385 million (1H 2024: £32 million), which includes deferred acquisition costs.

- Total income increased to £4.5 million (1H 2024: loss of £0.1 million). Net interest margin was 3.0 per cent. and total income margin was 3.1 per cent.

- Risk adjusted income increased to £4.3 million (1H 2024: loss of £0.1 million), including impairment charges of £0.2 million (1H 2024: £0.0 million). Cost of risk was 0.1 per cent. and risk adjusted margin was 3.0 per cent.

- Operating costs were £1.9 million (1H 2024: £0.2 million), reflecting the limited fixed costs associated with the business given the origination partnership arrangements in place.

Discontinued operations

- Profit after tax from discontinued operations was £0.7 million (1H 2024: loss of £0.3 million), related to the Personal Loans portfolio, the sale of which completed at the end of March 2025.

Vehicle Finance Update

- Discretionary commission arrangements ("**DCAs**") have been the focus of regulatory and claims activity for several years. Moneybarn did not participate in DCAs and would not therefore be in scope for this element of any future FCA compensation scheme.

- The Group notes that the judgment handed down by the Supreme Court in the three conjoined appeals of Hopcraft v Close Brothers Ltd; Johnson v FirstRand Bank Ltd; Wrench v FirstRand Bank Ltd [2025] UKSC 33 related to vehicle finance commission disclosure practices which affected DCAs as well as non-DCAs. The Supreme Court concluded that the dealers did not owe fiduciary duties to customers and the lenders had not committed bribery, but in one of the three cases (Johnson) it found that an unfair relationship existed between the lender and the borrower under section 140A of the Consumer Credit Act 1974. The Court stressed that the test for unfairness is highly fact-sensitive, requiring assessment across a broad range of circumstances.

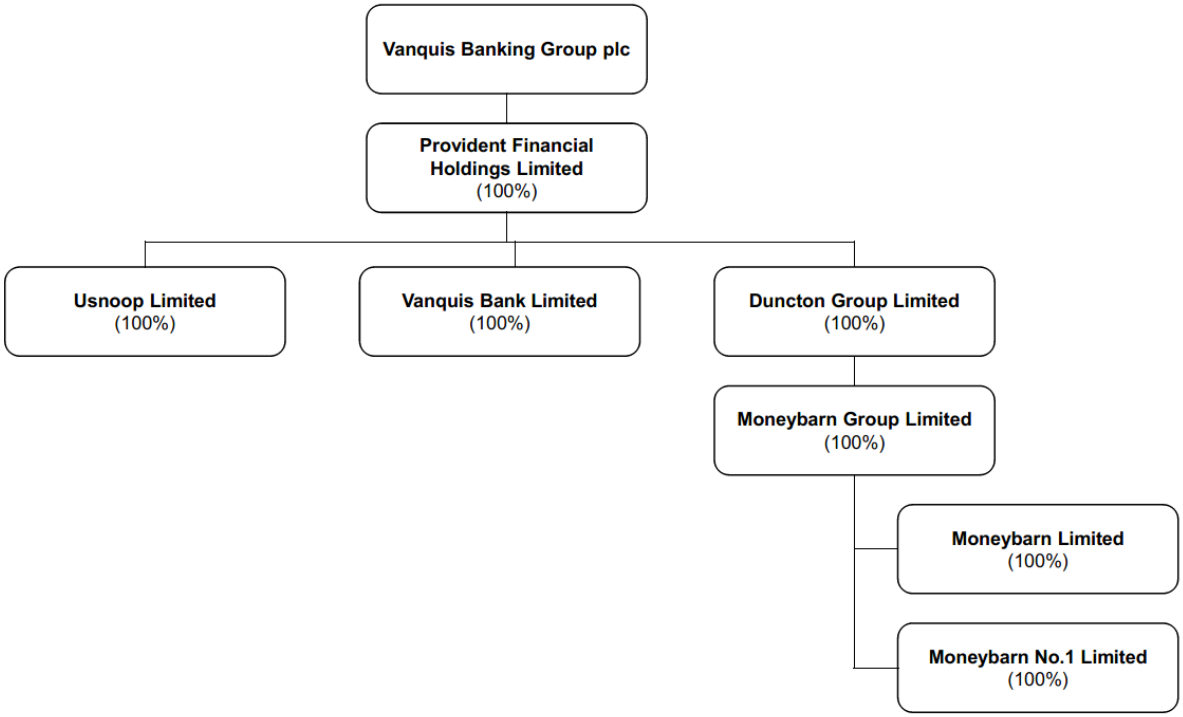
- The FCA is currently preparing a consultation on a suitable scheme of arrangement to address the unfair relationship element in line with the Supreme Court's decision, but the Group believes its position is clearly differentiated on a number of grounds. These include, but are not limited to, the fact the Group provided significantly better commission disclosures than those in *Johnson,* with substantially lower average commissions relative to the charge for credit. Vehicle finance customers also signed pre-contractual documentation confirming that a commission will be paid.

- As the scope and extent of any redress exercise by the FCA is still uncertain, at present there is a risk that such scheme could have an impact on the Moneybarn business. At present any liability is expected to be limited and, as such, in accordance with IAS 37, the Group has not made a provision for this matter in 1H 2025 but has disclosed a contingent liability.

BUSINESS OVERVIEW

Group structure

The Issuer is the ultimate holding company of the Group. The full list of the subsidiary undertakings of the Issuer as at 31 December 2024 is outlined in Note 36 (*Details of subsidiary undertakings*) of the 2024 Group Financial Statements. A summary of the Group's structure is set out below:



Vanquis Bank

Overview

Established in 2003, Vanquis Bank is a leading issuer of credit cards in the non-standard credit market in the UK, promoting financial inclusion by bringing credit cards to people who may typically be declined by mainstream credit card providers. The Group's analysis of TransUnion's credit data suggests Vanquis Bank credit cards are held and actively used by 16 per cent. of credit card holders in the Group's target addressable market.

The following table sets out summary information relating to the Vanquis Bank Credit Cards business for the years ended 31 December 2024 and 2023 and the six months ended 30 June 2025 and 2024.

	For the year ended 31 December (audited)		For the six months ended 30 June (unaudited)	
	2024	2023	2025	2024
Credit cards	*(£m's except customer numbers and percentages)*		*(£m's except customer numbers and percentages)*	
Number of customers at end of period ('000)	1,267	1,376	1,290	1,321
Period end amounts receivable from customers	1,150	1,278	1,232	1,151
Average gross customer interest earning balances	1,313	1,416	1,296	1,339
Annualised asset yield[(1)]	27.9 per cent.	24.7 per cent.	27.8 per cent.	27.6 per cent.

(1) The amounts for the years ended 31 December 2024 and 31 December 2023 represent interest income for the year ended on the relevant 31 December as a percentage of average gross customer interest earning balances for the thirteen months ended on the relevant 31 December. The amounts for the six months ended 30 June 2025 and 30 June 2024 represent interest income for the period multiplied by 365/181 as a percentage of average gross customer interest earning balances for the seven months ended on the relevant 30 June.

Products

Credit cards

Vanquis Bank currently offers a range of own-brand credit cards, each of which is designed to appeal to the varying profiles and credit needs of Vanquis Bank's customers. An overview of Vanquis Bank's on sale credit card offerings as at 31 August 2025 is set out below:

Product	Initial Credit Limit	Rep Annual Percentage Rate (per cent.)
Vanquis Credit Builder Card	£250 - £2,500	37.9
Vanquis Balance Transfer Card	£250 - £7,000	36.9
Vanquis Balance Transfer & Purchase Card	£250 - £4,000	37.5

(1) Most of the revenue generated is interest income but there are also some standard credit card fees and charges (i.e. cash withdrawal fees).

Vanquis Bank uses a methodology which has been developed over time and which balances business growth with risk management (i.e. higher risk customers are left on lower credit limits). This approach is a central pillar of its lending strategy: responsibly giving the customer the amount they need and offering further credit line increases where good repayment performance is displayed. Across all card products, 89 per cent. of customers who responded to Vanquis Bank's October 2023 Customer Pulse survey reported that they were satisfied with Vanquis Bank. The average utilisation of credit card limits was around 44.3 per cent. as at 31 August 2025. The weighted average annual percentage rate ("**APR**") by customer balance of Vanquis Bank's customer portfolio as at 30 June 2025 was 35.5 per cent.

Unsecured personal loans

Following the review of the loans product, the Group made the decision to sell its unsecured personal loan portfolio in March 2025, at which point the portfolio was reclassified as a discontinued operation and was fully migrated to the purchaser at the end of June 2025.

Second charge mortgages

At the end of the third quarter of 2023, Vanquis Bank commenced the purchase of second charge mortgages via a forward flow agreement with third-party originators and has since added a second forward flow agreement. These forward flow agreements are structured in such a way that Vanquis Bank provides funding for the origination of these mortgage assets, with the origination (including sales, pricing and underwriting) and servicing activities being outsourced. Within these forward flow agreements, Vanquis Bank has set specific eligibility criteria and concentration limits to ensure the second charge mortgage assets (individually and at a portfolio level) meet these prescribed measures. The portfolio is growing in a managed way and at the end of 1H 2025 Vanquis Bank has a second charge mortgage book of £371 million.

Retail deposits

Vanquis Bank offers fixed, notice and easy access deposit products across ISA and non-ISA markets to UK depositors via online only applications. Its fixed range deposits range from one to five years. The minimum opening deposit for any Vanquis Bank deposit product is £1,000 and the maximum is £250,000. In April 2024, Vanquis Bank added notice cash ISAs to its widely available deposit range and introduced easy access deposits to existing customers. In August 2024, Vanquis Bank began offering easy access deposits to the open market. In March 2025, Vanquis Bank launched easy access ISAs, restricted access products (ISAs and non-ISAs) and 1 and 2 year Fixed rate ISAs into the market.

The deposit taking platform and operation is outsourced to Newcastle Strategic Solutions, a specialist subsidiary of the Newcastle Building Society Group, which has established a reputation in the outsourced savings market and provides outsourcing to a number of other PRA and FCA regulated banks and building societies. By virtue of the outsourcing agreement, the Group is able to offer competitive rates and to date has been successful in attracting high volumes of deposits, particularly in short timescales, from a wide range of retail customers. This provides a funding profile which offers additional financial security to the business.

As at 30 June 2025, retail deposits were the Group and Vanquis Bank's primary source of funding. Group cost of funds (excluding fees, swaps and Tier 2 capital) was 4.9 per cent on an annualised basis at 30 June 2025. The AAA-rated notes issued by the Vanquis Bank credit card securitisation were accepted as eligible collateral for the Bank of England funding and liquidity schemes, including the Indexed Long-Term Repo (**"ILTR"**). At 30 June 2025, Vanquis Bank had drawn £40 million of funding from the ILTR maturing in 2025.

Retail Deposits are also acquired via the Snoop brand (see "*Snoop*" section below.)

Distribution channels

Customer recruitment is primarily carried out through a combination of marketing by internet advertising (including using social media platforms) and introducer partners ("**Introducer Partners**") using price comparison websites. Introducer Partner marketing is currently the primary channel of customer recruitment for Vanquis Bank.

Customer profile

Vanquis Bank's credit cards business is a leading player in the non-prime credit card market. In 2023, 2024 and 2025, Vanquis received the Moneyfacts Consumer Award for Best Credit Builder Card Provider of the Year. The business offers credit card products to a broad spectrum of customers but is focused particularly on providing access to credit card customers who may struggle to obtain one from a mainstream provider.

IT and infrastructure

Investment in technology capability is fundamental to Vanquis Bank's strategy. Vanquis' IT advancements are all incorporated into a group-wide IT strategy to coalesce customers on a unified modern technology stack over the next couple of years, to increase agility, flexibility, reduce cost and improve the Group's risk and security posture. Additional development continues, with key activities including:

- *Regulatory and Compliance*: Enhancements continue to be made when needed to ensure compliance with regulatory and compliance requirements.
- *Technology Resilience and Maintenance*: Updating and upgrading technology in Vanquis Bank to assure continuity and resilience of services to customers and colleagues.
- *Technology Control Environment and Security*: Strengthening of the IT control environment, and introduction of additional tooling to increase the security posture particularly in respect of ransomware and phishing.
- *Data*: Upgrading of data architecture to improve the management, analysis and use of data, resulting in improved strategies and decisions.
- *Product development*: The continued iterative development of additional features.

Funding

For further detail on the funding arrangements for Vanquis Bank and the wider Group see "*Capital and Liquidity – Liquidity – Funding*" below.

Regulation

Vanquis Bank is authorised and regulated by the PRA and regulated by the FCA. The PRA is responsible for the prudential supervision of banks, building societies, credit unions, insurers and investment firms and the FCA regulates the conduct of such firms and market integrity for the segments in which they operate. The board of directors of Vanquis Bank ("**Vanquis Bank Board**") includes non-executive directors who are independent of the Group to ensure compliance with applicable PRA rules, and the Vanquis Bank Board primarily leads on PRA interaction.

Risk management

The Risk Committee is responsible for setting the credit policy of Vanquis Bank. The Chief Digital Technology & Analytics Officer is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The Chief Digital Technology & Analytics Officer discharges and informs this decision making through the Credit Committee with the support and oversight of the Chief Risk Officer.

The Credit Committee meets, as a minimum, 10 times per year. A customer's risk profile and credit line are evaluated at the point of application and at various times during the agreement. Internally generated scorecards based on historical payment patterns of customers are used to assess the applicant's potential default risk and their ability to manage a specific credit line. For new customers, the scorecards incorporate data from the applicant, such as income/expenditure and employment, and data from external credit bureaux. For existing customers, the scorecards also incorporate data on actual payment performance and product utilisation and take data from an external credit bureau each month to refresh customers' payment performance position with other lenders. Credit lines can go up as well as down according to this point in time risk assessment.

Arrears management is a combination of central letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing or appropriate forbearance arrangements are put in place.

Moneybarn

Overview

Moneybarn was acquired by the Group on 20 August 2014 and is one of the leading providers of near-prime and non-standard vehicle finance in the UK.

The following table sets out summary information relating to the Moneybarn business for the years ended 31 December 2024 and 2023 and the six months ended 30 June 2025 and 2024.

	For the year ended 31 December (audited)		For the six months ended 30 June (unaudited)	
	2024	**2023** [2]	**2025**	**2024**
	(£m's except customer numbers and percentages)		*(£m's except customer numbers and percentages)*	
Number of customers ('000)	110	112	106	110
Period end amounts receivable from customers	735	776	709	760
Average gross customer interest earning balances	825	836	750	851
Annualised asset yield[(2)]	16.1 per cent.	18.0 per cent.	16.9 per cent.	16.5 per cent.

(1) The amounts for the years ended 31 December 2024 and 31 December 2023 represent interest income for the year ended on the relevant 31 December as a percentage of average gross customer interest earning balances for the thirteen months ended on the relevant 31 December. The amounts for the six months ended 30 June 2025 and 30 June 2024 represent interest income for the period multiplied by 365/181 as a percentage of average gross customer interest earning balances for the seven months ended on the relevant 30 June.

(2) The amounts presented for the years ended 31 December 2023 have been presented in a restated format in relation to the Group's review into Vehicle Finance Stage 3 assets. During 1H 2024, it was identified that cash flows expected to be received from contracts identified for debt sale were being included beyond the expected sale date in addition to the cash flows from the debt sale. Please see "*Statement of accounting policies*" in the 2024 Group Financial Statements for further information.

Products – Motor Finance

Moneybarn provides customers with a conditional sale vehicle finance product in the near prime and non-prime vehicle market. The amount of which can be secured against either a car, light commercial vehicle or motorbike. An overview of Moneybarn's offering as at 30 June 2025 is set out below:

Product	Loan amount	Loan Duration	Rep Annual Percentage Rate Range	Av. Loan Size at Origination
Moneybarn Conditional Sale Agreement	*£4,000-£35,000*	*36-60 months*	*30.7 per cent.*	*£9,229.48*

(1) All revenue generated from interest income – a fixed price credit, no additional fees and charges.

Moneybarn covers the broadest range of APRs in its sector, from 18.5 per cent. to 47.5 per cent.

The weighted average APR by customer balance of Moneybarn's customer portfolio as at 30 June 2025 was 29.1 per cent.

Cars made up 89.1 per cent. of the book, with Ford Focus being the most popular model, 56 per cent. of all agreements are for diesel vehicles and 3 per cent. are renewable/ hybrid.

Distribution channels

Moneybarn operates a multi-channel acquisition model across the UK which consists of dealers, dealer brokers and internet brokers. As at 30 June 2025, Moneybarn had 40 introducer (broker and dealership) relationships. These are, in the main, long-standing relationships that have existed for many years and involve high levels of support and engagement.

Customer profile

Moneybarn's Vehicle Finance business provides funding to groups of customers who struggle to get approval from a mainstream lender, almost one in five of UK adults. Moneybarn helps these customers to get 'on the road' with funding for a car, motorcycle, or light commercial vehicle to suit their lifestyle and financial needs.

IT and infrastructure

Investment in technology capability is fundamental to Moneybarn's strategy. Moneybarn's IT advancements are all incorporated into a group-wide IT strategy to coalesce customers on a unified modern technology stack over the next couple of years, to increase agility, flexibility, reduce cost and improve the Group's risk and security posture. Additional development continues, with key activities including:

- *Regulatory and Compliance*: Enhancements continue to be made when needed to ensure compliance with regulatory and compliance requirements.
- *Technology Resilience and Maintenance*: Updating and upgrading technology in Moneybarn to assure continuity and resilience of services to customers and colleagues.
- *Technology Control Environment and Security*: Strengthening of the IT control environment, and introduction of additional tooling to increase the security posture particularly in respect of ransomware and phishing.
- *Data*: Upgrading of data architecture to improve the management, analysis and use of data, resulting in improved strategies and decisions.
- *Product development*: The continued iterative development of additional features.

Funding and Capital Structure

The funding of Moneybarn is through intercompany loans from the Group and by accessing the bilateral securitisation facility ("Securitisation"), see further "Capital and Liquidity – Liquidity – Funding" below, including in respect of the Group's receipt of a CUG waiver for lending by Vanquis Bank to Moneybarn.

A significant proportion of new business is funded from customer repayments on the existing customer book.

Regulation

Moneybarn Limited and Moneybarn No. 1 Limited are authorised and regulated by the FCA.

Risk management

The Risk Committee is responsible for setting the credit policy of Moneybarn. The Director of Customer & Products is responsible for ensuring that the approach to lending is within sound risk and financial parameters and that key metrics are reviewed to ensure compliance with policy. The Director of Customer & Products discharges and informs this decision making through the Credit Committee with the support and oversight of the Chief Risk Officer.

The Credit Committee meets, as a minimum, 10 times per year.

A customer's credit risk profile and ability to afford the proposed contract is initially evaluated both at the point of application, and subsequently should the customer fall into arrears. A scorecard based on historical payment patterns of customers is used to assess the applicant's potential default risk. The scorecard incorporates data from the applicant, such as income and employment, and data from an external credit bureau. The application assessment process involves verification of key aspects of the customer data. Certain policy rules including customer profile, proposed loan size and vehicle type are also assessed in the decisioning process, as well as affordability checks to ensure that, at the time of application, the loan repayments are affordable.

Arrears management is conducted by way of a combination of letters, inbound and outbound telephony, SMS, email and outsourced debt collection agency activities. Contact is made with the customer to discuss the reasons for non-payment and specific strategies are employed to support the customer in returning to a good standing and retaining use of the vehicle. These include appropriate forbearance arrangements, or where the contract has become unsustainable for the customer, then an appropriate exit strategy is implemented.

Snoop

Snoop was founded in 2019 by Dame Jayne-Anne Gadhia and publicly launched in April 2020. Powered by Open Banking, Snoop is an award-winning, consumer-focused business that helps people spend, save and live smarter. The Issuer acquired Snoop on 7 August 2023.

The Snoop platform, powered by open banking, allows users to see all their bank accounts and credit cards in one app, track and improve their credit score, and manage their money more effectively. Users can view, track and budget all spending, with proactive alerts on important changes. Snoop helps users to save money on their bills, tracking spending and then switching providers to cut costs. It also provides data-driven, personalised insights to help consumers find money-saving opportunities. Snoop is FCA registered as an Account Information Service Provider.

Snoop is a free to use application. There is also a premium pay-to-use version, Snoop Plus, which provides enhanced money management features to customers for a monthly or annual fee. In December 2024, Snoop launched Snoop Savings, with an initial easy access issue. Snoop Savings helps customers build a savings pot alongside its money management features to drive increased financial confidence, resilience, and happiness.

Snoop is part of the 2025 Fintech Pledge which brings together the fintech industry and strategic partners to help UK consumers build their financial resilience and better protect against the rising cost of living. Since it was founded, Snoop has received numerous banking industry awards.

Group Risk Governance

The Group continues to optimise the manner in which it manages risk. A key component of this is embedding a strong risk environment, through clear accountability, a culture of transparency and constructive challenge. Several initiatives across the Group have driven this optimisation, including Group Risk Harmonisation which is the implementation of enhanced Group Risk Policies and Risk Governance. Central to this is the growing use of models to measure and facilitate risk across the Group. Over the two years prior to the date of this Offering Circular, the Model Risk team have enhanced model governance throughout the Group and validated the model that it uses. Since 2022, the Group has operated a single Risk System delivering consistent risk appetite reporting, controls monitoring and providing a single way to raise and manage risk events. The Group has transitioned from legacy divisional policies to a single risk policy suite providing further consistency and clarity across the Group regarding risk governance and ensuring that a consistently strong risk culture is embedded across the Group.

With respect to governance, the Board Governance Manual and Delegated Authorities Manual are in place to provide a framework for key decision making at all levels across the Group and divisions. The Group has put in place Executive Director scorecards, with reward incentives based on a combination of financial and non-financial measures, and an effective risk adjustment framework has been implemented appropriately. The membership of the Vanquis Bank Board and Moneybarn Board is substantially aligned with that of the Issuer's Board to create a more efficient group governance structure.

Intellectual Property

The Group protects its intellectual property through a combination of trademarks, copyright, domain registrations and contractual provisions. As at 21 August 2025, the Group held an interest in 129 trademarks in the UK and internationally, as well as holding 571 domain registrations.

Property

As at 1 September 2025, the Group owned or had an interest in 45 properties in the UK. This includes 39 freehold reversionary interests in ground leases and three long term leaseholds (in excess of 10 years) and one occupational service agreement.

Of the three long term leasehold interests, the business has entered into an agreement for surrender of the premises at No.1 Godwin Street Bradford which will result in the lease coming to an end on 5 November 2025.

The Group has also sub-let one property of which it is the landlord.

Employees

The average numbers of persons employed on a full- and part-time basis by the Group for the 12-month period ending 30 June 2025 (permanent and fixed contract staff, not including agency staff) was 1,273 (Vanquis Bank Ltd 1,077; Vanquis Banking Group Plc 135, Cheque Exchange Ltd 8 and Snoop 53) based in Bradford, London, Chatham, Petersfield and remotely.

Throughout 2023 and 2024, the Group undertook a series of internal restructures, in order to increase efficiencies, achieve committed cost reductions and to more effectively organise itself to support the needs of customers.

In October 2023, the Group announced plans to reset and redefine its business model to ensure the business remained sustainable, was able to grow in a measured way and to improve customer service. These changes involved completing the process of bringing shared services teams together, bringing the product teams together under one Chief Customer Officer and to utilise further support from the Group's strategic outsource partner, Sigma, in South Africa. Activities proposed to move to Sigma included loans affordability and income verification, customer service, arrears activity and forbearance and product collections administration. Growing this partnership with Sigma offers access to a larger pool of resource, with the scalability, resilience and adaptability to serve customers in a more sustainable way.

As a consequence of these changes, 299 roles were placed at risk of redundancy from the support functions across the Group with up to 155 of these employees potentially leaving the business. Additionally, the further transfer of services to Sigma would impact 117 roles.

Following a period of consultation, 133 colleagues left the business by reason of redundancy and 86 colleagues transferred to Sigma by means of a Transfer of Undertakings (Protection of Employment) ("**TUPE**") transfer, taking up home based roles in the UK.

In February 2024 a review of remaining customer operations activities was undertaken and a range of further activities were identified that could be effectively delivered through the outsource model. It was therefore proposed to transfer the less complex activities in the Complaints, Fraud, Disputes, Financial Crime and Exceptions teams to third-party outsource partners. It was proposed that some work would be transferred to the Group's existing partners, Sigma in South Africa and Teleperformance in India whilst a third outsource partner, Huntswood, was engaged to take complaints work in South Africa. Opportunities for impacted colleagues to take alternative roles within the UK were provided by the Group's outsource partners, whilst 91 new roles were established within the Customer Operations teams as part of the restructure, providing substantial opportunity for internal redeployment.

The impact of the changes was that 168 roles were brought in scope of a TUPE transfer to Sigma, Teleperformance and Huntswood with a further 26 roles removed within the Group's Customer Operations functions meaning 27 colleagues were placed at risk of redundancy. Following a period of consultation, 72 employees transferred to an outsource partner via TUPE transfer and 14 left the business by reason of redundancy.

In October 2024, there were some further changes proposed to the Group's operating model. In July 2024 the Group identified some one-off items which impacted its financial performance in 2024, and as a result action was needed to rebalance its revenue, capital, and costs. The Exco team re-visited and re-prioritised strategic plans and looked at how the Group could operate more efficiently by creating opportunities to better serve its customers and improve its revenue. The aim was for the Group to grow both sustainably and profitably into 2026. This review resulted in the right sizing of the business, and therefore the need for fewer employees to carry out specific work or activity, reflecting the fact that the Group now operates a smaller business.

As a consequence of these changes, 146 roles were placed at risk of redundancy from across the Group with up to 102 of these employees potentially leaving the business. Following a period of consultation, 63 colleagues left the business by reason of redundancy on 30 November 2024, with a further 10 colleagues having delayed exit dates into 2025.

Directors

The Issuer's Directors and directorships and partnerships held by the Directors (other than, where applicable, directorships held in the Issuer and other members of the Group), are set out below:

Name	Directorships/Partnerships	Position
Sir Peter Estlin	Non-executive director of NM Rothschild Ltd. Supervisory Board member at Rothschild WAM Co and Rothschild & Co and of the Institute for Apprenticeships and Technical Education (IfATE). Chair of FutureDotNow and Association of Apprentices. Trustee at Ironmongers Trust Company. Alderman for City of London Corporation. Director at Revolut Newco UK Ltd.	Chair
Ian McLaughlin.....	Director at UK Finance Limited	Group Chief Executive Officer
David Watts.....	Independent Non-Executive Director at CAF Bank Limited	Group Chief Financial Officer
Graham Lindsay.....	Senior Independent Director at OneFamily and Chair of the Pension Trustee Board. Trustee of Break Charity. Emeritus Trustee of The Brain Tumour Charity. Director at Family Assurance Staff Pension Scheme Trustees Ltd. Vice Chair of Skipton Group.	Independent Non-executive Director
Michele Greene.....	Executive Director and co-founder of Mololo Limited. Non-executive director of Bank of Ireland Group plc, J&E Davy Unlimited and, East End Fair Finance Limited.	Senior Independent Non-executive Director
Jacqueline Noakes.....	Director at SLFC Services Company (UK) Limited. Director at The Scottish Mutual Assurance Society. Director at Pearl Group Services Limited. Director at PGMS (Glasgow) Limited and PGS 2 Limited,. Director at Reassure UK Services Limited. Group Chief Operating Officer of the Phoenix Group.	Independent Non-Executive Director
Karen Briggs	Chair of Audit & Risk Committee and Independent Council Member of Imperial College London. Non-executive director and Trustee of Invictus	Independent Non-Executive Director

Name	Directorships/Partnerships	Position
	Games Foundation Board. Advisory Council Member for Elevate City, a women's leadership network. Chair of Audit Committee and non-executive director of SMBC Bank International plc and Happold LLP. Chair of Audit & Risk Committee and Non-executive director of Chubb Underwriting Agencies Limited. Non-executive director of Chubb European Group SE. Senior Strategic Advisor to Eversheds International LLP/Konexo through Karen Briggs Limited.	
Olivier Laird.....	Chair of Audit Committee and Board Member of Beverly Building Society. Non-executive Director and Audit Committee Chair of the Shepherds Friendly Society. Director at Owl Associates Ltd UK Board of Paysafe Limited.	Independent Non-Executive Director
Michael Mustard	None	General Counsel and Company Secretary

The business address of each of the Directors is Fairburn House, 5 Godwin Street, Bradford, West Yorkshire BD1 2AH, United Kingdom.

Ian McLaughlin and David Watts are directors of a number of subsidiaries of the Issuer. As a result, potential conflicts of interest may from time to time arise between the duties the Directors owe to the Issuer and duties owed in respect of such additional Directorships. The Issuer's Articles of Association allow Directors to disclose and, where appropriate, authorise conflicts of interest and the Board of the Issuer has in place a policy and procedures for managing and, where appropriate, approving potential conflicts of interest.

Senior Managers

The following senior managers are considered relevant to establishing that the Issuer has the appropriate expertise and experience for the management of its business:

Name	Position
Ian McLaughlin.....	Group Chief Executive Officer
David Watts.....	Group Chief Financial Officer

The business address of each of the senior managers is Fairburn House, 5 Godwin Street, Bradford, West Yorkshire BD1 2AH, United Kingdom.

MAJOR SHAREHOLDERS

The principal shareholders of the Issuer as at 31 August 2025 are as follows:

Schroders Investment Management.....	16.13 per cent.
Redwood Capital Management.....	14.93 per cent.
Artemis Investment Management.....	9.99 per cent.
Janus Henderson Investors.....	4.39 per cent.
Premier Miton Investors	4.19 per cent.
Harwood Capital	3.9 per cent.
NBIM	3.78 per cent.
Hargreaves Lansdown, stockbrokers (EO)	3.47 per cent.

CAPITAL AND LIQUIDITY

CAPITAL

Vanquis Bank is subject to prudential regulation and supervision by the PRA. In addition, the Group, incorporating Vanquis Bank and Moneybarn, is the subject of consolidated supervision by the PRA due to the Issuer being the parent company of Vanquis Bank. The PRA sets requirements for Vanquis Bank and the consolidated Group in respect of capital adequacy, large exposures and liquidity on a solo entity and consolidated basis.

In accordance with the Capital Regulations (as defined in the Conditions), the Group's Internal Capital Adequacy Assessment Process ("**ICAAP**") is embedded in the risk management framework of the Group. It is subject to ongoing updates and revisions where necessary, but as a minimum an annual review is undertaken as part of the business planning process. The ICAAP brings together the risk management framework, including stress testing using a range of scenarios, and the financial disciplines of business planning and capital management. An ICAAP is conducted on a consolidated basis for the Group and a solo basis for Vanquis Bank as a regulated entity. The ICAAP considers all risks facing the business, including credit, operational, counterparty, conduct, market and pension risks, and assesses the capital requirement for such risks in the event of downside stresses should such requirement exceed that set out under the Pillar 1 framework.

The Group follows the PRA Pillar 2A capital guidance methodology to determine the level of capital that needs to be held. This methodology considers all risks facing the business, including credit, operational (both conduct and non-conduct), credit concentration, market and pension obligation risks, and assesses the capital requirement for such risks. Where it is considered that the Pillar 1 calculations do not adequately reflect the risks, additional Pillar 2A capital is held. Through this methodology the Group and Vanquis Bank are set a Total Capital Requirement by the PRA (exclusive of any additional buffer requirements as described below), on a consolidated and solo basis respectively, being the sum of the Pillar 1 and Pillar 2A requirements.

The ICAAP includes a summary of the capital required to mitigate the identified risks in the Group's regulated entities and the amount of capital that the Group has available. The Group and Vanquis Bank have complied with all of the externally imposed capital requirements to which they are subject for the period ended 30 June 2025.

To support the delivery of the Group's purpose, the Group operates a financial model that is founded on investing in customer-centric businesses offering attractive returns which aligns an appropriate capital structure focused on optimising shareholder value, in a safe and sustainable manner. The capital management policy of the Group helps to ensure capital resources are sufficient to support planned levels of growth.

The ALCo is responsible for monitoring the level of regulatory capital. The level of regulatory capital against requirements is reported to the Board on a monthly basis in the Group's management accounts.

The overall capital requirement imposed by the PRA on firms is the sum of the Total Capital Requirement, combined Capital Regulations buffer requirements (the Capital Conservation Buffer ("**CCoB**") and the Countercyclical Capital Buffer ("**CCyB**")) and the PRA buffer requirements as applicable (including any firm-specific confidential buffer).

The Total Capital Requirement must be met with at least 56.25 per cent. Common Equity Tier 1 ("**CET1**") capital and 75 per cent. Tier 1 capital (comprised of CET1 and Additional Tier 1 capital). All additional buffers are to be met entirely with CET1.

The CCoB is currently set to 2.5 per cent. and the CCyB is currently set to 2.0 per cent.

The PRA last conducted a capital supervisory review and evaluation process (C-SREP) of the Group's capital requirements, based on the ICAAP approved in September 2022, which concluded in March 2023. The outcome was that the Group's Total Capital Requirement (being the sum of the Pillar 1 and Pillar 2A requirements) has been set at 11.9 per cent. of Risk-Weighted Exposures ("**RWE**"). Including the current regulatory combined buffers of 4.5 per cent., the Group's overall capital requirement is 16.4 per cent. of RWE (excluding any firm-specific confidential and management buffers).

As of the date of this Offering Circular, the Group's total capital is made up of CET1 capital and Tier 2 capital. CET1 comprises equity share capital and reserves after deducting foreseeable dividends in line with the current dividend policy, less: (i) the net book value of goodwill and intangible assets, net of deferred tax; (ii) the pension asset, net of deferred tax, and the fair value of derivative financial instruments; and (iii) deferred tax assets not arising from temporary differences.

On 7 October 2021, the Group issued the Existing Notes (Tier 2 subordinated bonds for a total amount of £200 million). The bonds have a 10.25 year maturity that is callable at the Group's discretion (subject to applicable regulatory resolutions) between 5 and 5.25 years and pay a coupon of 8.875 per cent. The bonds meet the criteria for classification as Tier 2 capital as set out in Article 63 of the UK CRR and are included in the Group's total own funds in accordance with Article 72 of the UK CRR. On 23 September 2025, the Issuer announced an invitation to holders of its Existing Notes to tender their Existing Notes (up to a maximum acceptance amount) for purchase by the Issuer for cash. The offering of the Notes is not conditional on any minimum amount of the Existing Notes being repurchased pursuant to such tender offer.

At 30 June 2025, the Group held total regulatory capital of £548 million, of which £348 million was CET1 and £200 million was Tier 2. This equates to a total capital ratio of 29.1 per cent. (compared with the Group's overall capital requirement (excluding any firm-specific confidential PRA buffer, if applicable) of 16.4 per cent.) and a CET1 ratio of 18.5 per cent. (compared with the Group's Tier 1 requirement (excluding any firm-specific confidential PRA buffer, if applicable) of 13.4 per cent.). The regulatory capital headroom above the minimum regulatory requirement of £308 million (16.4 per cent. of risk weighted exposure amount, excluding any firm-specific confidential PRA buffer) was £240 million at the period end. The decrease in headroom from £263 million at 30 June 2024 (versus the TCR and combined buffer) predominantly reflects statutory losses incurred in the period from June 2024 to June 2025 and higher risk-weighted exposures in respect of customer receivables.

At 30 June 2025, the Group had a leverage ratio of 12.5 per cent. The leverage ratio is the ratio of Tier 1 capital divided by the leverage exposure (which excludes claims on central banks). The PRA has set the minimum UK leverage ratio of 3.25 per cent. for UK firms with retail deposits of over £50 billion (which the PRA has proposed to increase to £70 billion) and a minimum requirement is therefore not applicable to the Group. Notwithstanding this, the Group's leverage ratio has remained well in excess of this level.

The below table shows certain capital metrics as at 31 December 2024 and 30 June 2025.

	30 June 2025	**31 December 2024**
Risk Weighted Assets	£1,882.7 million	£1,834.8 million
CET1	£348.0 million	£344.3 million
CET1 Buffer to Trigger Event	£216.5 million	£216.5 million
CET1 Ratio	18.5 per cent.	18.8 per cent.
CET1 Ratio Buffer to Trigger Event	11.5 per cent.	11.8 per cent.
Maximum Distributable Amount threshold	£210.2 million	£204.9 million
Maximum Distributable Amount threshold as percentage of Risk Weighted Assets	11.2 per cent.	11.2 per cent.
Buffer to Maximum Distributable Amount threshold (taking account of declared distributions and tax) (1)	£137.8 million	£139.4 million
Buffer to Maximum Distributable Amount threshold as percentage of Risk Weighted Assets (taking account of declared distributions and tax) (1)	7.3 per cent.	7.6 per cent.

(1) These figures assume that the Issuer's Pillar 1 and Pillar 2A requirements are satisfied using the maximum permitted amount of Additional Tier 1 (being approximately £41 million) and Tier 2 capital under the Capital Regulations.

LIQUIDITY

Funding

The Group, incorporating Vanquis Bank and Moneybarn, has a funding strategy in place which is intended to maintain a secure, prudent and well-diversified funding structure at all times, sufficient to ensure that it is able to continue to fund the growth of the business. Moneybarn and central operations (the non-bank Group) are funded via a private placement securitisation warehouse, retail deposits (from Vanquis Bank,

that has been granted a CUG waiver for such lending), together with dividend receipts from Vanquis Bank. Retail deposits and access to the Bank of England's Sterling Monetary Framework via the ILTR facility are used to fund Vanquis Bank. Retail deposits include primarily fixed terms of 1 to 5 years, notice accounts (with terms of 30 to 120-day), individual savings accounts (ISAs) and easy access account deposits taken and are subject to cover by the FSCS. Vanquis Bank does not take corporate deposits, other than from its ultimate parent company, the Issuer.

As at 31 December 2024, the Group had total committed borrowing facilities, including retail deposits but excluding fair value adjustments for hedged risk, of £2,840.7 million. These facilities had a weighted average period to maturity of 1.3 years. Total reported Group borrowings at 31 December 2024 were £2,838.2 million. Excluding £36.8 million of uncommitted borrowings, fees, accrued interest and fair value adjustments for hedged risk on borrowings, Group borrowings on committed debt facilities were £2,803.9 million. The Group had no undrawn committed borrowing facilities at 31 December 2024 and 30 June 2025.

Further detail regarding the funding structure of the Group's committed borrowing facilities at 31 December 2024 can be found in Note 27 of the 2024 Group Financial Statements and Note 13 of the 2025 Group Interim Financial Statements.

As at 30 June 2025, the Group had retail deposits of £2,463.8 million and total bank and other borrowings of £447.7 million.

As at 30 June 2025, the Group's weighted average cost of funds was 4.9 per cent. (4.9 per cent. as at 30 June 2024). Deposits within Vanquis Bank have continued in line with its internal funding plan and, as at 30 June 2025, Vanquis Bank had retail deposit funding of £2.5 billion up from £1.9 billion at 30 June 2024. Vanquis Bank manages its deposit levels to ensure it meets its funding requirements (including satisfaction of the Overall Liquidity Adequacy Rule) and continues to hold a significant excess of liquidity over its regulatory requirements.

Interest costs in relation to retail deposits increased to £55.3 million during the period, versus £45.9 million in 1H 2024, reflecting the 27 per cent increase in retail deposit balances (1H 2025: £2,464 million; 1H 2024: £1,938 million).

As at 30 June 2025, Moneybarn had a securitisation warehouse which provided £200.0 million of committed funding to June 2026 after which it would amortise for 12 months as principal payments are received.

On 1 November 2022, the Group received notice from the PRA that it had approved the Group's application for a CUG large exposure waiver which enables Moneybarn to access funding from Vanquis Bank with immediate effect. This enables the Group's transition to a traditional bank funding model in which the Group's funding will consist of; (i) retail deposits; (ii) securitisation of the credit cards and vehicle finance books; and (iii) liquidity and funding facilities at the Bank of England. The CUG waiver was extended in July 2025 for a further three years.

The CUG waiver allows Vanquis Bank to disapply the large exposures limit imposed by the Article 395 of the UK CRR when lending to other UK group entities, specifically Moneybarn. The benefit to the Group of obtaining a CUG waiver is the potential to achieve greater financial efficiency through optimisation of the Group-wide funding mix.

The PRA requested that, in support of the CUG waiver application, Vanquis Bank and Moneybarn enter into a CSA in order to comply with the provisions of section 2.8 of the PRA's Supervisory Statement SS16/13 that states that, in the case of a counterparty which is not a PRA-authorised firm, the application should include a legally binding agreement between the firm and the counterparty to promptly, on demand by the firm, increase the firm's Tier 1 capital by an amount required to ensure that the firm complies with the provisions contained in UK CRR Part Two (Own funds) and any other requirements relating to Tier 1 capital or concentration risk imposed on a firm by or under the regulatory system. In accordance with PRA guidance, the CSA requires Moneybarn to contribute only the Tier 1 capital available to Moneybarn and does not require Moneybarn to render itself balance sheet insolvent as a result. The risk to Moneybarn of this arrangement is offset by the corporate benefit gained by Moneybarn in receiving cost-efficient funding directly from Vanquis Bank.

Lending by Vanquis Bank to Moneybarn is subject to an annual credit risk assessment which assesses the financial health of Moneybarn and its ability to generate cash flows, to ensure they are sufficient to service the loan(s) according to the loan terms. The annual credit risk assessment is a detailed point in time assessment, utilising information from Moneybarn's reports and accounts and annual budget. Regular reassessment of the financial health of Moneybarn is performed through monitoring key performance indicators. The key performance indicators allow Vanquis Bank to identify if lending continues to be within risk appetite, before committing to additional lending.

Liquidity management

To ensure that sufficient liquid resources are available to fulfil operational plans and meet financial obligations as they fall due in a stress event, the PRA requires that all regulated entities maintain a liquid assets buffer held in the form of high-quality, unencumbered assets.

As an authorised UK banking institution, the Group and Vanquis Bank have an agreed liquidity risk appetite to ensure that adequate liquidity resources are held to meet the Overall Liquidity Adequacy Rule and to meet the minimum LCR.

Liquid resources in satisfaction of the LCR on both consolidated and solo basis are held by Vanquis Bank. The total liquid resources required to be held is measured in line with the regulatory requirements, including the preparation of an Internal Liquidity Adequacy Assessment Process. At 31 December 2024 Vanquis Bank held £947 million of liquid assets, comprising a significant surplus over the minimum and internal liquidity requirements solely in a Bank of England Reserve Account. Total Group liquidity at 30 June 2025 stood at £873 million comprising of £115 million of UK Gilts with the remainder held within its Reserve Account.

The minimum LCR requirement that applies in the United Kingdom is 100 per cent. As at 31 December 2024, the Group and Vanquis Bank held a strong liquidity position, the Group's LCR amounted to 359 per cent. (2023: 1,263 per cent.) and Vanquis Bank's LCR was 338 per cent. (2023: 1,031 per cent.). As at 30 June 2025, the Group's LCR amounted to 366 per cent. and Vanquis Bank's LCR was 326 per cent. As at the date of this Offering Circular, both the Group and Vanquis Bank continue to meet the LCR requirements.

FURTHER INFORMATION

For further information on the Group's capital and liquidity position please see the 2024 Group Financial Statements, the 2025 Group Interim Financial Statements, the Pillar 3 Disclosures and the 2025 Interim Pillar 3 Disclosures.

DESCRIPTION OF THE ORDINARY SHARES

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

For the purposes of this section entitled "*Description of the Ordinary Shares*", "**Statutes**" means the Companies Act 2006 Act, every other Act of the United Kingdom Parliament applicable to the Issuer in respect of any matter provided for in its articles of association, the Uncertificated Securities Regulations 2001 and all orders, regulations and statutory instruments made (or with effect as if made) pursuant to the Companies Act or any other such Act.

Share Capital

The issued and fully paid share capital of the Issuer as at 15 September 2025 is:

	Issued and fully paid		
Class	**Nominal Value**	**Number**	**Amount**
Ordinary	$20^{8}/_{11}$ pence each	256,484,784	£53,162,299.99

The Issuer only has ordinary shares in issue which are governed by the laws of England and Wales. The shareholders of the Issuer passed ordinary resolutions on 14 May 2025 to authorise the directors to allot equity securities in the Issuer of up to £17,543,429 in relation to any issue of any Additional Tier 1 Securities (as defined therein) that automatically convert into or are exchanged for ordinary shares of the Issuer and to do so free of the restriction in section 561 of the Companies Act 2006. Such authorisations expire at the end of the Issuer's Annual General Meeting to be held in 2026 or the close of business on 14 August 2026 (whichever is earlier), unless otherwise renewed, varied or revoked.

Articles of Association

The Issuer's articles of association (the "**Articles of Association**") were adopted by special resolution of the Issuer on 29 June 2022. A summary of the material provisions of the Articles of Association in respect of the Ordinary Shares is set out below.

Voting Rights

Subject to the Statutes (including the Companies Act 2006) and to any rights or restrictions attaching to any shares (as to which there are none at present) and subject to disenfranchisement in the event of non-payment of any call or other amount due and payable in respect of any share or non-compliance with any statutory notice requiring disclosure of the beneficial ownership of any shares, on a show of hands every member present in person or by proxy has one vote and on a poll every member present in person or by proxy shall be entitled to the number of votes prescribed by the Statutes (which is currently one vote in respect of each share held).

Governing Law

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

Dividends

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

Subject to the provisions of the Statutes and rights attached to shares, the Issuer or the directors may fix any date as the record date for a dividend. The record date may be at any time before the date the dividend is paid or at any time before or after a date on which the dividend is declared.

Except as otherwise provided by the Articles of Association or the rights attached to, or the terms of issue of, any shares, all dividends must be declared and paid according to the amounts paid up on the nominal

value of the shares on which the dividend is paid and apportioned and paid proportionately to the amounts paid up on the nominal value of the shares during any portion or portions of the period in respect of which the dividend is paid.

Except as otherwise provided by the Articles of Association or the rights attached to the shares, the directors may determine (i) the currency in which dividends shall be declared; and (ii) the Issuer may agree with a member that any dividend declared or which may become due in one currency will be paid to a member in another currency. In determining any currency conversion rate the directors may use any relevant exchange rate current as at any time as the directors may select for the purpose of calculating the amount of any member's entitlement to the dividend.

All dividends or other sums which are payable in respect of shares and unclaimed after having been declared or become payable may be invested or otherwise made use of by the directors for the benefit of the Issuer until claimed. If six years have passed from the date on which a dividend or other sum became due for payment and the distribution recipient has not claimed it, the dividend shall be forfeited and shall revert to the Issuer.

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

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

Subject to the Companies Act 2006 and the Articles of Association, the Issuer may by ordinary resolution offer to shareholders the right to elect to receive, in lieu of a dividend, an allotment of new ordinary shares credited as fully paid.

Return of Capital

A liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Issuer and may, for that purpose, value any assets and determine how the division is carried out as between the members or different classes of members.

Method of Payment

The Issuer may pay any dividend or other amount payable in respect of a share in the Issuer as the directors may decide. If the Board decides that a payment will be made by bank or other funds transfer system to an account nominated by a person entitled to the payment, but no such account is nominated by the relevant person or the transfer into a nominated account is rejected or refunded, the Issuer shall treat the sum payable as unclaimed.

Transfer of Shares

(a) Subject to the Articles of Association, shares of the Issuer are free from any restriction on transfer.

(b) Certificated shares may be transferred by means of an instrument of transfer in writing in any usual form or any other form approved by the directors, which is executed by or on behalf of:

  (i) the transferor; and

  (ii) (if any of the shares are partly paid) the transferee.

(c) Subject to the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (including any modification, re-enactments or substitute regulations for the time being in force) (the "**Regulations**"), the transferor remains the holder of a share until the transferee's name is entered in the register of members as the holder of it.

(d) The directors may refuse to register the transfer of a certificated share or a renunciation of a renounceable letter of allotment of a share unless all of the following conditions are satisfied:

(i) it is in respect of a share which is fully paid;

(ii) it is in respect of only one class of shares;

(iii) it is in favour of (as the case may be) a single transferee or renouncee or not more than four joint transferees or renouncee;

(iv) it is duly stamped (if required); and

(v) it is delivered for registration to the registered office of the Issuer or such other place as the directors may decide, accompanied by the certificate for the shares to which it relates (except in the case of a transfer of a share, for which a certificate has not been issued, by a person in respect of whom the Issuer is not required by the Statutes to complete and have ready for delivery a share certificate, and except in the case of a renunciation) and such other evidence as the directors may reasonably require to prove the title of the transferor or person renouncing and the due execution by them of the transfer or renunciation or, if the transfer or renunciation is executed by some other person on their behalf, the authority of that person to do so.

(e) If the directors refuse to register the transfer of a certificated share or renunciation of a renounceable letter of allotment, the instrument of transfer or renunciation must be returned to the transferee or renouncee within two months of the date on which the transfer or renunciation was lodged with the Issuer with the notice of refusal and reasons for refusal unless they suspect that the proposed transfer or renunciation may be fraudulent.

(f) The directors shall register a transfer of title to any uncertificated share or the renunciation or transfer of any renounceable right of allotment of a share which is a participating security held in uncertificated form in accordance with the Regulations, except that the directors may refuse to register any such transfer or renunciation which is in favour of more than four persons jointly or in any other circumstance permitted by the Regulations.

(g) No fee shall be chargeable for registering the transfer of a share or the renunciation of a renounceable letter of allotment or other document or instructions relating to or affecting the title to a share.

Variation of Rights

Subject to the Companies Act 2006, the rights attached to a class of shares may (unless the rights attached to the class of shares otherwise provide) be varied or abrogated (whether or not the Issuer is being, or is about to be, wound up) either (i) with the consent in writing of the holders of at least three-quarters in nominal value of the issued shares of that class or (ii) with the sanction of a special resolution passed at a separate meeting of the holders of the issued shares of that class validly held in accordance with the Articles of Association.

Subject to the terms of issue of or rights attached to any shares, the rights or privileges attached to any class of shares shall be deemed not to be varied or abrogated by: (i) the creation or issue of any new shares ranking *pari passu* in all respects (save as to the date from which such new shares shall rank for dividend) with or subsequent to those already issued; (ii) the reduction of the capital paid up on such shares or by the purchase or redemption by the Issuer of any of its own shares in accordance with the statutes; or the directors resolving that a class of shares is to become or is to cease to be, or the Operator (as defined in the Regulations) permitting such class of shares to become or to cease to be, a participating security (as defined in the Regulations).

Redeemable Shares in the Issuer

Subject to the Companies Act 2006, the Issuer may issue shares which are to be redeemed or are liable to be redeemed at the option of the Issuer or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

Winding Up

On a voluntary winding up of the Issuer, the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Issuer, whether or not the assets consist of property of one kind or of different kinds and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as they, with the like sanction, shall determine. For this purpose the liquidator may set the value they deem fair on a class or classes of property and determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without their consent an asset to which there is attached a liability or potential liability for the owner.

Admission to Trading of the Ordinary Shares

The Ordinary Shares have a listing in the United Kingdom.

In the United Kingdom, the Ordinary Shares currently in issue are listed on the equity shares (commercial companies) category of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities. The London Stock Exchange dates back to 1801 and the London Stock Exchange's regulated market is regulated by the FCA.

For the year to date to the end of August 2025, the average daily trading volume of all order book trading on the London Stock Exchange was approximately 1.71 million shares. Price and trading information is available on the London Stock Exchange's website which is continually updated with a 15 minute time delay. The trading prices of the Ordinary Shares and daily trading volumes are published on the London Stock Exchange's website and in the London Stock Exchange's Daily Official List. The ISIN of the Ordinary Shares is GB00B1Z4ST84. Further information about the London Stock Exchange can be obtained from the website of the London Stock Exchange at www.londonstockexchange.com.

TAXATION

UNITED KINGDOM TAXATION CONSIDERATIONS

The following is a summary of United Kingdom taxation law at the date hereof in relation to certain aspects of payments of principal and interest in respect of the Notes and certain UK stamp duty and stamp duty reserve tax implications of acquiring, holding and disposing of the Notes. Save where expressly stated to the contrary, it is based on current United Kingdom law and the published practice of HMRC, which may not be binding on HMRC and may be subject to change, sometimes with retrospective effect, in each case as of the latest practicable date before the date of this Offering Circular. The comments do not deal with all United Kingdom tax aspects of acquiring, holding or disposing of the Notes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes and who hold the Notes as investments. Certain classes of persons such as dealers, certain professional investors or persons connected with the Issuer may be subject to special rules not covered by this summary. The following is a general guide 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 might be relevant to a prospective purchaser. Holders who are in any doubt as to their tax position should consult their professional advisers. Holders 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, Holders 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.

UK Withholding Tax

1. The Notes issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "**Act**") for the purpose of section 987 of the Act) or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange (within the meaning of sections 987 and 1005 of the Act). Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax.

   The Issuer's understanding is that the ISM is a multilateral trading facility operated by a regulated recognised stock exchange (The London Stock Exchange) for these purposes and accordingly the Notes will constitute quoted Eurobonds provided they are and continue to be admitted to trading on that market and it is and remains a multilateral trading facility operated by a regulated recognised stock exchange within the meaning of sections 987 and 1005 of the Act.

2. If the exemption above does not apply, interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to such relief or exemption as may be available.

Other considerations

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.

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.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

UK stamp duty and stamp duty reserve tax

1. The Finance Act 2019 introduced a new regime for hybrid capital instruments (the "**HCI rules**"). The HCI rules contain an exemption from all stamp duties so that no liability to United Kingdom stamp duty or stamp duty reserve tax ("**SDRT**") should arise on the issue or transfer of the Notes **provided that** the Notes each constitute a "hybrid capital instrument" for the purposes of the HCI rules and there are no arrangements, the main purpose, or one of the main purposes, of which is to secure a tax advantage for the Issuer or any other person.

   The Notes should constitute "hybrid capital instruments" for the purposes of the HCI rules **provided that**:

   - the Issuer is entitled to defer or cancel a payment of interest under the Notes;
   - the Notes "have no other significant equity features"; and
   - the Issuer has made an election in respect of the Notes which has effect for the relevant period.

   The Notes would "have no other significant equity features" **provided that**:

   - the Notes carry neither significant voting rights in the Issuer nor a right to exercise a dominant influence over the Issuer;
   - any provision in the Notes for altering the amount of the principal is limited to write-down or conversion events in certain qualifying cases and that is not a right exercisable by the Holders; one of the qualifying cases is where a provision is included solely because of a need to comply with a regulatory or other legal requirement; and
   - any provision for the Holder to receive anything other than interest or principal is limited to conversion events in qualifying cases.

2. The Issuer will make a hybrid capital instrument election in respect of the Notes upon issuance, in accordance with the provisions of Section 475C of the Corporation Tax Act 2009, which takes effect from issuance and the Notes are not being issued in consequence of, or otherwise in connection with, any arrangements, the main purpose, or one of the main purposes of which, is to secure a tax advantage for the Issuer or any other person. Consequently, the Issuer believes that the HCI rules should apply to the Notes such that they would benefit from the exemption from all stamp duties so that no liability to United Kingdom stamp duty or SDRT should arise on the issue or transfer of the Notes (including where an election under section 97A of the Finance Act 1986 applies to the Notes).

3. No United Kingdom stamp duty or SDRT will be payable by a Holder on a cash redemption of the Notes in accordance with the Conditions.

4. No liability to United Kingdom stamp duty or SDRT will arise for a Holder on the redemption or release of the Notes, and the issue of any Conversion Shares, under an Automatic Conversion of the Notes into Conversion Shares in accordance with the Conditions.

5. United Kingdom stamp duty and SDRT may be payable in relation to a Conversion Shares Offer.

6. The above description of the United Kingdom stamp duty and SDRT position does not deal with the issue, transfer or agreement to transfer of any Conversion Shares.

OTHER TAXATION

The U.S. Foreign Account Tax Compliance Act ("FATCA")

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date of publication of the final regulations defining "foreign passthru payments". Notes issued on or prior to the date that is six months after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer) and/or characterised as equity for U.S. tax purposes. However, if additional notes (as described under Condition 18 (*Further Issues*)) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Holders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or which may be implemented in a materially different form. Prospective Holders should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

The Sole Bookrunner has, pursuant to a Subscription Agreement (the "**Subscription Agreement**") dated 29 September 2025, agreed to subscribe or procure subscribers for the Notes, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Sole Bookrunner in respect of certain of its expenses, and has agreed to indemnify the Sole Bookrunner against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

The Sole Bookrunner will be entitled in certain circumstances to be released and discharged from its obligations in respect of the issue of Notes under or pursuant to the Subscription Agreement prior to the closing of the issue of the Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the Issue Date. In this situation, the issuance of the Notes may not be completed. Investors will have no rights against the Issuer or the Sole Bookrunner in respect of any expense incurred or loss suffered in these circumstances.

Selling Restrictions

United States

The Notes and the Conversion Shares into which they may convert have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Sole Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

United Kingdom

The Sole Bookrunner has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to EEA Retail Investors

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

(a) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or

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

Prohibition of Sales to UK Retail Investors

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

(a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the United Kingdom by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

Switzerland

In Switzerland, this Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in Notes. The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus as such term is understood pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Sole Bookrunner has represented, warranted and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified and amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, the Sole Bookrunner has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or re-sale, directly or indirectly, in Japan or to any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

Republic of Italy

The Sole Bookrunner has represented and agreed that it has not, directly or indirectly, offered or sold, and will not, directly or indirectly, offer or sell, any Notes in the Republic of Italy.

General

No action has been taken by the Issuer or the Sole Bookrunner that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required.

The Sole Bookrunner has agreed that it will, to the best of its knowledge and belief, comply with any applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or

delivers the Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of such Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer or the Sole Bookrunner shall have any responsibility therefor.

Other persons into whose hands this Offering Circular comes are required by the Issuer and the Sole Bookrunner to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Offering Circular or any related offering material, in all cases at their own expense.

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

The Notes are not intended to be sold and should not be sold to retail clients in the European Economic Area or in the United Kingdom. Prospective investors are referred to the section headed "*Prohibition on marketing and sales to retail investors*" in this Offering Circular for further information.

GENERAL INFORMATION

Authorisation

1. The creation and issue of the Notes has been duly authorised by a resolution of the Board dated 30 July 2025 and a resolution of a sub-committee of the Board dated 16 September 2025.

Listing and Trading

2. Application has been made to the LSE for the Notes to be admitted to trading on the ISM. The ISM is not a regulated market within the meaning of UK MiFIR. The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority. The LSE has not approved or verified the contents of this Offering Circular. It is expected that the admission of the Notes to trading on the ISM will be granted on or around 2 October 2025.

Legal and Arbitration Proceedings

3. There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Offering Circular, a significant effect on the financial position or profitability of the Group.

Significant Change

4. Since 30 June 2025, there has been no significant change in the financial position or financial performance of the Issuer and/or the Group.

Material Change

5. Save as disclosed in this Offering Circular under the section entitled "*Negative economic developments and conditions in the markets in which the Group operates may adversely affect its business and results of operations*", since 31 December 2024, there has been no material adverse change in the prospects of the Issuer and/or the Group.

Auditors

6. The auditors of the Issuer and the Group are Deloitte LLP who have audited without qualification, in accordance with International Standards on Auditing (UK), the Issuer's accounts for each of the two financial years ended on 31 December 2024 and 31 December 2023. Deloitte LLP is registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. The auditors of the Issuer and the Group have no material interest in the Issuer or the Group.

Documents on Display

7. Physical copies of the following documents may be inspected during normal business hours at the registered office of the Issuer for so long as the Notes remain outstanding:

   (a) the Articles of Association of the Issuer;

   (b) the 2025 Group Interim Financial Statements, the 2024 Group Financial Statements and the 2023 Group Financial Statements;

   (c) the 2025 Interim Pillar 3 Disclosures and the Pillar 3 Disclosures;

   (d) the Trust Deed; and

   (e) this Offering Circular.

Third Party Information

8. Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the

information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where it is used.

LEI

9. The Legal Entity Identifier ("**LEI**") of the Issuer is 213800U93SZC44VXN635.

Issuer's website

10. The Issuer's website is www.vanquisbankinggroup.com. Unless specifically incorporated by reference into this Offering Circular, information contained on the website does not form part of this Offering Circular.

Clearing

11. The Notes have been accepted for clearance through the Clearing Systems. The ISIN is XS3192214339 and the common code is 319221433.

12. The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Sole Bookrunner Transacting with the Issuer

13. The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. The Sole Bookrunner and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Sole Bookrunner and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates. The Sole Bookrunner and its affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Bookrunner and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Sole Bookrunner and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

REGISTERED OFFICE OF THE ISSUER

Vanquis Banking Group plc
Fairburn House
5 Godwin Street
Bradford
West Yorkshire BD1 2AH
United Kingdom

SOLE BOOKRUNNER

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

PRINCIPAL PAYING AGENT AND AGENT BANK

The Bank of New York Mellon, London Branch
160 Queen Victoria Street
London EC4V 4LA
United Kingdom

REGISTRAR AND TRANSFER AGENT

The Bank of New York Mellon SA/NV, Dublin Branch
The Shipping Office
20-26 Sir John Rogerson's Quay
Dublin 2 D02 Y049
Ireland

TRUSTEE

M&G Trustee Company Limited
10 Fenchurch Avenue
London EC3M 5AG
United Kingdom

LEGAL ADVISERS

Legal Advisers to the Issuer as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

Legal Advisers to the Sole Bookrunner and the Trustee as to English law:

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

AUDITORS

To the Issuer and the Group

Deloitte LLP
4 Brindleyplace
Birmingham B1 2HZ
United Kingdom