

## NOTICE OF ADJOURNED SECURITYHOLDER MEETINGS

**THIS NOTICE IS IMPORTANT AND REQUIRES THE IMMEDIATE ATTENTION OF SECURITYHOLDERS.**

If Securityholders are in any doubt about any aspect of the proposals in this notice and/or the action they should take, they are recommended to seek their own financial advice immediately from their stockbroker, bank manager, solicitor, accountant or other financial adviser authorised under the Financial Services and Markets Act 2000 (if they are in the United Kingdom) or from another appropriately authorised independent financial adviser and such other professional advisor from their own professional advisors as they deem necessary.

FURTHER INFORMATION REGARDING THE MATTERS REFERRED TO IN THIS ANNOUNCEMENT IS AVAILABLE IN THE CONSENT SOLICITATION MEMORANDUM (THE “CONSENT SOLICITATION MEMORANDUM”) ISSUED BY THE ISSUER ON 29 SEPTEMBER 2020, AND ELIGIBLE SECURITYHOLDERS (AS DEFINED BELOW) ARE ENCOURAGED TO READ THIS ANNOUNCEMENT IN CONJUNCTION WITH THE SAME.



**LLOYDS BANKING GROUP PLC**

*(incorporated with limited liability in Scotland registered number 95000)*

(the “**Issuer**”)

## NOTICE OF SEPARATE SECURITYHOLDER MEETINGS

to the holders of the

**£1,494,392,000 7.625 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities Callable 2023 (ISIN: XS1043552188)**

(the “**PNC9 Securities**”)

**£750,009,000 7.875 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities Callable 2029 (ISIN: XS1043552261)**

(the “**PNC15 Securities**”)

(each a “**Series**” and together the “**Securities**”, and the holders thereof, the “**Securityholders**”) of the Issuer presently outstanding.

NOTICE IS HEREBY GIVEN that separate adjourned meetings (each a “**Meeting**” and together, the “**Meetings**”) of the Securityholders of each Series convened by the Issuer will be held via teleconference on 5 November 2020 for the purpose of considering and, if thought fit, passing the applicable resolution set out below which will be proposed as an Extraordinary Resolution in accordance with the provisions of the relevant Trust Deed each dated 1 April 2014, as amended, restated, modified and/or supplemented from time to time (each, the “**Trust Deed**” and together, the “**Trust Deeds**”) each made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”) as trustee for the Securityholders and constituting the Securities.

The adjourned Meeting in respect of the:

- (i) PNC9 Securities (the “**PNC9 Securities Meeting**”) will commence at 10 a.m. (London time) (11 a.m. CET); and
- (ii) PNC15 Securities (the “**PNC15 Securities Meeting**”) will commence at 10.15 a.m. (London time) (11.15 a.m. CET) or after the completion of the PNC9 Securities Meeting (whichever is later).

Capitalised terms used in this notice and not otherwise defined herein shall have the meanings given to them in the Consent Solicitation Memorandum dated 29 September 2020 (the “**Consent Solicitation Memorandum**”), which is available for inspection by Eligible Securityholders (as defined below) during normal business hours at the specified offices of the Principal Paying and Conversion Agent on any weekday (public holidays excepted) and on the website of the Issuer (<https://www.lloydsbankinggroup.com/investors/fixed-income-investors/consent-solicitation>) (the “**Issuer’s Website**”) up to and including the date of the Meeting (see “**Documents Available for Inspection**” below). In accordance with normal practice, the Trustee, the Tabulation Agent and the Principal Paying and Conversion Agent have not been involved in the formulation of the Securityholder Proposals outlined in this Consent Solicitation Memorandum or the Extraordinary Resolution. The Trustee, the Tabulation Agent, the Solicitation Agent and the Principal Paying and Conversion Agent, express no opinion on, and make no representations as to the merits of, the Securityholder Proposal set out in the Consent Solicitation Memorandum, the relevant Extraordinary Resolution or the proposed amendments referred to in the relevant Extraordinary Resolution set out below.

None of the Trustee, the Tabulation Agent, the Solicitation Agent or the Principal Paying and Conversion Agent makes any representation that all relevant information has been disclosed to Securityholders in or pursuant to this Notice, the Consent Solicitation Memorandum or otherwise. None of the Trustee, the Tabulation Agent, the Solicitation Agent or the Principal Paying and Conversion Agent has approved the draft amended Documents referred to in the relevant Extraordinary Resolution set out below and the Trustee recommends that Securityholders arrange to inspect and review such draft amended Documents as provided below in this Notice. Accordingly, Securityholders of the relevant Series should take their own independent legal, financial, tax or other advice on the merits and the consequences of voting in favour of the relevant Extraordinary Resolution, including any tax consequences, and on the impact of the implementation of the relevant Extraordinary Resolution.

None of the Trustee, the Tabulation Agent, the Solicitation Agent or the Principal Paying and Conversion Agent are responsible for the accuracy, completeness, validity or correctness of the statements made in the Consent Solicitation Memorandum or omissions therefrom.

Neither this Notice nor the Consent Solicitation Memorandum constitute or form part of, and should not be construed as, an offer for sale, exchange or subscription of, or a solicitation of any offer to buy, exchange or subscribe for, any securities of the Issuer or any other entity. The distribution of the Consent Solicitation Memorandum may nonetheless be restricted by law in certain jurisdictions. Persons into whose possession the Consent Solicitation Memorandum comes are required to inform themselves about, and to observe, any such restrictions.

## **BACKGROUND**

The UK Financial Conduct Authority (“**FCA**”) has confirmed that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after the end of 2021 and expects that some panel banks will cease contributing to LIBOR panels at such time. In addition, the Bank of England and the FCA announced that they have mandated a working group to promote a broad-based transition to the Sterling Overnight Index Average (“**SONIA**”) across sterling bond, loan and derivative markets, so that SONIA is established as the primary sterling interest rate benchmark by the end of 2021. Therefore, the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021, and regulators have urged market

participants to take active steps to implement the transition to SONIA and other risk-free rates ahead of this deadline.

On the basis that the First Reset Date of each Series falls after 2021, the Issuer has convened the Meetings for the purpose of enabling the relevant Securityholders to consider and resolve, if they think fit, to approve the relevant Security Proposal (as further described below) by way of an Extraordinary Resolution in relation to the relevant Series implementing a change in the Reset Reference Rate such that (i) the Reset Reference Rate ceases to be a LIBOR linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays 6 month GBP LIBOR semi-annually)) and becomes a SONIA linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays daily compounded SONIA annually)); (ii) the Reset Reference Rate Adjustment is made to reflect the economic difference between the LIBOR and SONIA rates; (iii) the Margin applicable to each Series of Securities remains unaltered by these changes; (iv) the fallbacks relating to the Reset Reference Rate are amended; and (v) new fallbacks are included in case a Benchmark Event occurs with respect to the Reset Rate of Interest.

The pricing methodology proposed for the adjustment to the Reset Reference Rate on conversion of the Reset Reference Rate from a LIBOR linked mid-swap rate to a SONIA linked mid-swap rate uses only market observable screen spot rates. The determination of the relevant market observable screen spot rates will take place at or around 2 p.m. (London time) (the “**Pricing Time**”) on 5 November 2020 (the “**Pricing Date**”, except where there is an adjournment of the Meeting, in which case the Pricing Date will be specified in the notice of the adjourned Meeting). If there is an adjourned Meeting, the adjustment to the Reset Reference Rate may be different to the amounts which would have been calculated if the relevant Extraordinary Resolution had been passed (and the Eligibility Condition satisfied) at the initial Meeting.

The date from which the proposed change in Reset Reference Rate is to occur will be the Effective Date (which is expected to be 5 November 2020).

#### *Prudential Regulatory Authority (“PRA”)*

In paragraph 2.22 of the PRA’s Policy Statement dated March 2020 (PS5/20: Regulatory capital instruments: Update to Pre-Issuance Notification (PIN) requirements)<sup>1</sup> (the “**Policy Statement**”) the PRA accepts that if “targeted amendments” are made to capital instruments “in relation to benchmark rates”, the instruments will continue to be ‘substantially the same’ for the purposes of the Policy Statement. Sam Woods, the Deputy Governor of PRA, has also reiterated this in his letter dated 18 December 2019 where he has stated that the PRA does not believe it is desirable to reassess the eligibility of the additional tier 1 and tier 2 capital where the amendments are solely to replace the benchmark reference rate.

As the only changes which would be made to the Securities pursuant to the Proposed Amendments are to change the underlying Reset Reference Rate and supporting fall-back provisions for such Reset Reference Rate as described in this Consent Solicitation Memorandum and to make the necessary consequential adjustments, the Issuer considers that capital eligibility of each Series of Securities will remain unaffected.

The PRA has been informed of these Consent Solicitations and the Issuer is not aware of any objection being raised by the PRA with respect to this view being taken by the Issuer with respect to the eligibility of the Securities.

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<sup>1</sup> <https://www.bankofengland.co.uk/-/media/boe/files/prudential-regulation/policy-statement/2020/ps520.pdf>

## SECURITYHOLDER PROPOSAL

Pursuant to the above, the Issuer has convened separate Meetings by the above notice to request that Securityholders of each Series consider and agree by Extraordinary Resolution to the matters contained in the relevant Extraordinary Resolutions set out below. The original meetings held on 21 October 2020 were adjourned due to a lack of quorum.

The Issuer, under the Securityholder Proposal, is requesting that the Securityholders of the relevant Series consider and if thought fit, approve the relevant Extraordinary Resolution. If approved by the Securityholders of the relevant Series, the Extraordinary Resolution will be binding on all holders of such Series of Securities, including those Securityholders who do not vote in favour of the relevant Extraordinary Resolution or who do not vote in connection with the relevant Extraordinary Resolution.

In order to implement the change in Reset Reference Rate from a LIBOR linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays 6 month GBP LIBOR semi-annually)) to a SONIA linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays daily compounded SONIA annually)) certain adjustments will be made to the Reset Reference Rate payable in respect of the Securities to the extent that either Series of Securities remains outstanding beyond the First Reset Date. The Conditions will be amended by incorporating an adjustment (the “**Reset Reference Rate Adjustment**”) which will be added to the Reset Reference Rate when calculating the relevant Reset Rate of Interest in order to reflect the difference in LIBOR linked mid-swap rate and SONIA linked mid-swap rate.

The Reset Reference Rate Adjustment for the Securities to be determined on the Pricing Date and effective on the Effective Date will be equal to the LIBOR vs SONIA IRS Basis.

The LIBOR vs SONIA IRS Basis is a number of basis points rounded to the nearest 0.1 basis points (with 0.05 basis points rounded upwards) as calculated by the Solicitation Agent on the Pricing Date. The detailed provisions relating to the calculation of the Reset Reference Rate Adjustment are set out in Annex B to this Notice.

The Securityholder Proposal is being put to Securityholders for the reasons set out in the Consent Solicitation Memorandum.

Securityholders are referred to the Consent Solicitation Memorandum which provides further background to the Security Proposals and the reasons therefor.

## CONSENT SOLICITATION

Securityholders are further given notice that the Issuer has invited holders of the Securities of each Series (each such invitation a “**Consent Solicitation**”) to consent to the approval, by Extraordinary Resolution at the relevant Meeting, of the modification of the Conditions relating to the relevant Series as described in paragraph 1 of the relevant Extraordinary Resolution as set out below, all as further described in the Consent Solicitation Memorandum (as defined in paragraph 10 of the relevant Extraordinary Resolutions set out below).

The Consent Solicitation Memorandum and any other documents or materials relating to the Consent Solicitations are only for distribution or to be made available to persons who are (i) located and resident outside the United States and who are not U.S. persons (as defined in Regulation S under the Securities Act) or acting for the account or benefit of any U.S. person, (ii) eligible counterparties or professional clients (each as defined in MiFID II) and, if applicable and acting on a non-discretionary basis, who are acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the relevant Series

of Securities and (iii) otherwise a person to whom the relevant Consent Solicitation can be lawfully made and that may lawfully participate in the relevant Consent Solicitation (all such persons “**Eligible Securityholders**”).

Subject to the restrictions described in the previous paragraph, Securityholders may obtain from the date of this Notice a copy of the Consent Solicitation Memorandum from the Tabulation Agent, the contact details for which are set out below. In order to receive a copy of the Consent Solicitation Memorandum, a Securityholder will be required to provide confirmation as to his or her status as an Eligible Securityholder.

**EXTRAORDINARY RESOLUTION  
IN RESPECT OF THE £1,494,392,000 7.625 PER CENT. FIXED RATE RESET  
ADDITIONAL TIER 1 PERPETUAL SUBORDINATED CONTINGENT CONVERTIBLE  
SECURITIES CALLABLE 2023**

“THAT this Meeting of the holders (together, the “**PNC9 Securityholders**”) of the presently outstanding £1,494,392,000 7.625 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities Callable 2023 (the “**PCN9 Securities**”) of Lloyds Banking Group plc (the “**Issuer**”), constituted by the trust deed dated 1 April 2014 as amended, restated, modified and/or supplemented from time to time (the “**Trust Deed**”) made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”) as trustee for, *inter alios*, the PNC9 Securityholders:

1. (subject to paragraph 9 of this Extraordinary Resolution) assents to the modification of the Trust Deed and of the terms and conditions of the PNC9 Securities (the “**Conditions**”) as set out in Schedule 2 to the Trust Deed as any of the same may from time to time be modified or amended and restated in accordance with the Trust Deed, in order that:
  - a. the Reset Rate of Interest for the PCN9 Securities applicable from, and including the First Reset Date will be the sum of the relevant Adjusted Reset Reference Rate plus the Margin to be calculated more fully as set out in Annex A to this Notice;
  - b. the fallbacks relating to the Reset Reference Rate are amended; and
  - c. new fallbacks are included in case a Benchmark Event occurs with respect to the Reset Rate of Interest,all as more fully set out in Annex A to this Notice.
2. (subject to paragraph 9 of this Extraordinary Resolution) authorises, directs, requests and empowers:
  - (a) the Issuer and the Trustee to execute a deed supplemental to the Trust Deed applicable to the PNC9 Securities (the “**Supplemental Trust Deed**”) to effect the modifications referred to in paragraph 1 of this Extraordinary Resolution, in the form or substantially in the form of the draft produced to this Meeting and for the purpose of identification signed by the chairman thereof, with such amendments thereto (if any) as the Trustee shall require or agree to; and
  - (b) the Issuer and the Trustee to execute and to do all such deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution;
3. discharges and exonerates the Trustee from all liability for which they may have become or may become responsible under the Trust Deed or the PNC9 Securities or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or its implementation, the modifications referred to in paragraph 1 of this Extraordinary

Resolution or the implementation of those modifications or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Supplemental Trust Deed, the Notice or this Extraordinary Resolution;

4. irrevocably waives any claim that the PNC9 Securityholders may have against the Trustee arising as a result of any loss or damage which we may suffer or incur as a result of the Trustee acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding on the holders) and the PNC9 Securityholders further confirm that the PNC9 Securityholders will not seek to hold the Trustee liable for any such loss or damage;
5. expressly agrees and undertakes to indemnify and hold harmless the Trustee from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by them as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Trustee and against all losses, costs, charges or expenses (including legal fees) which the Trustee may suffer or incur which in any case arise as a result of the Trustee acting in accordance with the Extraordinary Resolution and the Trust Deed;
6. (subject to paragraph 9 of this Extraordinary Resolution) sanctions and assents to every abrogation, modification, compromise or arrangement in respect of the rights of the PNC9 Securityholders appertaining to the PNC9 Securities against the Issuer, whether or not such rights arise under the Conditions, involved in, resulting from or to be effected by the amendments referred to in paragraph 1 of this Extraordinary Resolution and their implementation;
7. waives any and all requirements, restrictions and conditions precedent set forth in the Transaction Documents on any person, in implementing the Supplemental Trust Deed, this Extraordinary Resolution and the Security Proposal;
8. discharges and exonerates the Issuer from all liability for which it may have become or may become responsible under the Trust Deed, the PNC9 Securities or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Supplemental Trust Deed, the Notice or this Extraordinary Resolution;
9. declares that the implementation of this Extraordinary Resolution shall be conditional on:
  - (a) the passing of this Extraordinary Resolution; and
  - (b) the quorum required for, and the requisite majority of votes cast at, this Meeting being satisfied by Eligible PNC9 Securityholders, irrespective of any participation at this Meeting by Ineligible PNC9 Securityholders and that, in the event that the Extraordinary Resolution is passed at this Meeting but such condition is not satisfied, the chairman of this Meeting and the Trustee are hereby authorised, directed, requested and empowered to adjourn this Meeting for such period being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the chairman of this Meeting and approved by the Trustee, for the purpose of reconsidering resolutions 1 to 11 of this Extraordinary Resolution with the exception of resolution 9(b) of this Extraordinary Resolution. At any such adjournment of this Meeting, one or more persons present holding Securities or being proxies or representatives and holding or representing in aggregate not less than 25 per cent. of the aggregate principal amount outstanding of the PNC9 Securities shall form a quorum and shall have the power to pass such Extraordinary Resolution,

and this condition set out in this paragraph 9(b) will be satisfied if the quorum required for, and the requisite majority of votes cast at, such adjourned Meeting are satisfied by Eligible PNC9 Securityholders irrespective of any participation at the adjourned Meeting by Ineligible PNC9 Securityholders;

10. acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

**“Consent Solicitation”** means the invitation by the Issuer to all Eligible PNC9 Securityholders to consent to the modification of the Conditions relating to the PNC9 Securities as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms;

**“Consent Solicitation Memorandum”** means the consent solicitation memorandum dated 29 September 2020 prepared by the Issuer in relation to the Consent Solicitation;

**“Eligible PNC9 Securityholder”** or **“Eligible Securityholder”** means each PNC9 Securityholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act), (b) an eligible counterparty or a professional client (each as defined in MiFID II) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the PNC9 Securities and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

**“Ineligible PNC9 Securityholder”** or **“Ineligible Securityholder”** means each PNC9 Securityholder who is not a person to whom the Consent Solicitation is being made, on the basis that such PNC9 Securityholder is either (i) a U.S. person and/or located or resident in the United States and/or (ii) is not an eligible counterparty or a professional client (each as defined in MiFID II) and, if applicable and acting on a non-discretionary basis, who is not acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client and/or (iii) a person to whom the Consent Solicitation cannot otherwise be lawfully made; and

**“Securities Act”** means the U.S. Securities Act of 1933, as amended.

11. agrees that capitalised terms in this document where not defined herein shall have the meanings given to them in the Consent Solicitation Memorandum dated 29 September 2020 (a copy of which is available for inspection as referred to in the Notice).”

**EXTRAORDINARY RESOLUTION  
IN RESPECT OF THE £750,009,000 7.875 PER CENT. FIXED RATE RESET ADDITIONAL  
TIER 1 PERPETUAL SUBORDINATED CONTINGENT CONVERTIBLE SECURITIES  
CALLABLE 2029**

“THAT this Meeting of the holders (together, the “**PNC15 Securityholders**”) of the presently outstanding £750,009,000 7.875 per cent. Fixed Rate Reset Additional Tier 1 Perpetual Subordinated Contingent Convertible Securities Callable 2029 (the “**PCN15 Securities**”) of Lloyds Banking Group plc (the “**Issuer**”), constituted by the trust deed dated 1 April 2014 as amended, restated, modified and/or supplemented from time to time (the “**Trust Deed**”) made between the Issuer and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”) as trustee for, *inter alios*, the PNC15 Securityholders:

1. (subject to paragraph 9 of this Extraordinary Resolution) assents to the modification of the Trust Deed and of the terms and conditions of the PNC15 Securities (the “**Conditions**”) as set out in Schedule 2 to the Trust Deed as any of the same may from time to time be modified or amended and restated in accordance with the Trust Deed, in order that:
  - a. the Reset Rate of Interest for the PCN15 Securities applicable from, and including the First Reset Date will be the sum of the relevant Adjusted Reset Reference Rate plus the Margin to be calculated more fully as set out in Annex A to this Notice;
  - b. the fallbacks relating to the Reset Reference Rate are amended; and
  - c. new fallbacks are included in case a Benchmark Event occurs with respect to the Reset Rate of Interest,all as more fully set out in Annex A to this Notice.
2. (subject to paragraph 9 of this Extraordinary Resolution) authorises, directs, requests and empowers:
  - (a) the Issuer and the Trustee to execute a deed supplemental to the Trust Deed applicable to the PNC15 Securities (the “**Supplemental Trust Deed**”) to effect the modifications referred to in paragraph 1 of this Extraordinary Resolution, in the form or substantially in the form of the draft produced to this Meeting and for the purpose of identification signed by the chairman thereof, with such amendments thereto (if any) as the Trustee shall require or agree to; and
  - (b) the Issuer and the Trustee to execute and to do all such deeds, instruments, acts and things as may be necessary, desirable or expedient in its sole opinion to carry out and to give effect to this Extraordinary Resolution and the implementation of the modifications referred to in paragraph 1 of this Extraordinary Resolution;
3. discharges and exonerates the Trustee from all liability for which they may have become or may become responsible under the Trust Deed or the PNC15 Securities or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or its implementation, the modifications referred to in paragraph 1 of this Extraordinary Resolution or the implementation of those modifications or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Supplemental Trust Deed, the Notice or this Extraordinary Resolution;



4. irrevocably waives any claim that the PNC15 Securityholders may have against the Trustee arising as a result of any loss or damage which we may suffer or incur as a result of the Trustee acting upon this Extraordinary Resolution (including but not limited to circumstances where it is subsequently found that this Extraordinary Resolution is not valid or binding on the holders) and the PNC15 Securityholders further confirm that the PNC15 Securityholders will not seek to hold the Trustee liable for any such loss or damage;
5. expressly agrees and undertakes to indemnify and hold harmless the Trustee from and against all losses, liabilities, damages, costs, charges and expenses which may be suffered or incurred by them as a result of any claims (whether or not successful, compromised or settled), actions, demands or proceedings brought against the Trustee and against all losses, costs, charges or expenses (including legal fees) which the Trustee may suffer or incur which in any case arise as a result of the Trustee acting in accordance with the Extraordinary Resolution and the Trust Deed;
6. (subject to paragraph 9 of this Extraordinary Resolution) sanctions and assents to every abrogation, modification, compromise or arrangement in respect of the rights of the PNC15 Securityholders appertaining to the PNC15 Securities against the Issuer, whether or not such rights arise under the Conditions, involved in, resulting from or to be effected by the amendments referred to in paragraph 1 of this Extraordinary Resolution and their implementation;
7. waives any and all requirements, restrictions and conditions precedent set forth in the Transaction Documents on any person, in implementing the Supplemental Trust Deed, this Extraordinary Resolution and the Security Proposal;
8. discharges and exonerates the Issuer from all liability for which it may have become or may become responsible under the Trust Deed, the PNC15 Securities or any Transaction Document or any document related thereto in respect of any act or omission in connection with the passing of this Extraordinary Resolution or the executing of any deeds, agreements, documents or instructions, the performance of any acts, matters or things to be done to carry out and give effect to the matters contemplated in the Supplemental Trust Deed, the Notice or this Extraordinary Resolution;
9. declares that the implementation of this Extraordinary Resolution shall be conditional on:
  - (a) the passing of this Extraordinary Resolution; and
  - (b) the quorum required for, and the requisite majority of votes cast at, this Meeting being satisfied by Eligible PNC15 Securityholders, irrespective of any participation at this Meeting by Ineligible PNC15 Securityholders and that, in the event that the Extraordinary Resolution is passed at this Meeting but such condition is not satisfied, the chairman of this Meeting and the Trustee are hereby authorised, directed, requested and empowered to adjourn this Meeting for such period being not less than 13 clear days nor more than 42 clear days, and to such place as may be appointed by the chairman of this Meeting and approved by the Trustee, for the purpose of reconsidering resolutions 1 to 11 of this Extraordinary Resolution with the exception of resolution 9(b) of this Extraordinary Resolution. At any such adjournment of this Meeting, one or more persons present holding Securities or being proxies or representatives and holding or representing in aggregate not less than 25 per cent. of the aggregate principal amount outstanding of the PNC15 Securities shall form a quorum and shall have the power to pass such Extraordinary Resolution, and this condition set out in this paragraph 9(b) will be satisfied if the quorum required for, and the requisite majority of votes cast at, such adjourned Meeting are satisfied by Eligible PNC15 Securityholders irrespective of any participation at the adjourned Meeting by Ineligible PNC15 Securityholders;

10. acknowledges that the following terms, as used in this Extraordinary Resolution, shall have the meanings given below:

“**Consent Solicitation**” means the invitation by the Issuer to all Eligible PNC15 Securityholders to consent to the modification of the Conditions relating to the PNC15 Securities as described in the Consent Solicitation Memorandum and as the same may be amended in accordance with its terms;

“**Consent Solicitation Memorandum**” means the consent solicitation memorandum dated 29 September 2020 prepared by the Issuer in relation to the Consent Solicitation;

“**Eligible PNC15 Securityholder**” or “**Eligible Securityholder**” means each PNC15 Securityholder who is (a) located and resident outside the United States and not a U.S. person (as defined in Regulation S under the Securities Act), (b) an eligible counterparty or a professional client (each as defined in MiFID II) and, if applicable and acting on a non-discretionary basis, who is acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client, in each case in respect of the PNC15 Securities and (c) otherwise a person to whom the Consent Solicitation can be lawfully made and that may lawfully participate in the Consent Solicitation;

“**Ineligible PNC15 Securityholder**” or “**Ineligible Securityholder**” means each PNC15 Securityholder who is not a person to whom the Consent Solicitation is being made, on the basis that such PNC15 Securityholder is either (i) a U.S. person and/or located or resident in the United States and/or (ii) is not an eligible counterparty or a professional client (each as defined in MiFID II) and, if applicable and acting on a non-discretionary basis, who is not acting on behalf of a beneficial owner that is also an eligible counterparty or a professional client and/or (iii) a person to whom the Consent Solicitation cannot otherwise be lawfully made; and

“**Securities Act**” means the U.S. Securities Act of 1933, as amended.

11. agrees that capitalised terms in this document where not defined herein shall have the meanings given to them in the Consent Solicitation Memorandum dated 29 September 2020 (a copy of which is available for inspection as referred to in the Notice).”

## INELIGIBLE SECURITYHOLDERS

### Submission of Ineligible Holder Instructions

In respect of any Securities held through Euroclear Bank SA/NV (“**Euroclear**”) or Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”), the submission of Ineligible Holder Instructions will be deemed to have occurred upon receipt by the Tabulation Agent from Euroclear or Clearstream, Luxembourg, as applicable, of a valid instruction (an “**Ineligible Holder Instruction**”) submitted in accordance with the requirements of Euroclear or Clearstream, Luxembourg, as applicable. Each such Ineligible Holder Instruction must specify, among other things, the aggregate principal amount of the Securities of the relevant Series to which such Ineligible Holder Instruction relates, the securities account number at Euroclear or Clearstream, Luxembourg, as applicable, in which the relevant Securities are held and whether the Ineligible Securityholder wishes to instruct the Principal Paying and Conversion Agent to appoint one or more representatives of the Tabulation Agent to attend the relevant Meeting (and any such adjourned such Meeting) and vote in favour of or against the relevant Extraordinary Resolution. The receipt of such Ineligible Holder Instruction by Euroclear or Clearstream, Luxembourg, as applicable, will be acknowledged in accordance with the standard practices of Euroclear or Clearstream, Luxembourg, as applicable, and will result in the blocking of the relevant Securities in the relevant Ineligible Securityholder’s account with Euroclear or Clearstream, Luxembourg, as applicable, so that no transfers may be effected in relation to the such Securities until the earlier of (i) the date on which the relevant Ineligible Holder Instruction is validly revoked (including their automatic revocation on the termination of the related Consent Solicitation) and (ii) the conclusion of the relevant Meeting (or, if applicable, any adjourned such Meeting).

Only Direct Participants (as defined under “*Voting and Quorum*” below) may submit Ineligible Holder Instructions. Each beneficial owner of Securities who is an Ineligible Securityholder and is not a Direct Participant, must arrange for the Direct Participant through which such beneficial owner of Securities who is an Ineligible Securityholder holds its Securities to submit an Ineligible Holder Instruction on its behalf to Euroclear or Clearstream, Luxembourg, as applicable, before the deadlines specified by the relevant clearing system.

By delivering, or arranging for the delivery on its behalf, of an Ineligible Holder Instruction in accordance with the procedures described below, a Securityholder shall be deemed to agree, undertake, acknowledge and represent to the Issuer, the Tabulation Agent and the Solicitation Agent that at (i) the time of submission of such Ineligible Holder Instruction, (ii) the Expiration Date and (iii) the time of the relevant Meeting and at the time of any adjourned Meeting (and if a Securityholder is unable to make any such acknowledgement or give any such representation or warranty, such Securityholder or Direct Participant should contact the Tabulation Agent immediately):

- (a) It is an Ineligible Securityholder.

It is not a person or entity (a “**Person**”) (A) that is, or is directly or indirectly owned or controlled by a Person that is, described or designated in (i) the most current “Specially Designated Nationals and Blocked Persons” list (which as of the date hereof can be found at: <https://www.treasury.gov/ofac/downloads/sdnlist.pdf>) or (ii) the Foreign Sanctions Evaders List (which as of the date hereof can be found at: <http://www.treasury.gov/ofac/downloads/fse/fselist.pdf>) or (iii) the most current “Consolidated list of persons, groups and entities subject to EU financial sanctions” (which as of the date hereof can be found at: [https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/8442/Consolidated%20list%20of%20sanctions](https://eeas.europa.eu/headquarters/headquarters-homepage_en/8442/Consolidated%20list%20of%20sanctions)); or (B) that is otherwise the subject of any sanctions administered or enforced by any Sanctions Authority, other than solely by virtue of their inclusion in: (i) the most current “Sectoral Sanctions Identifications” list (which as of the date hereof

can be found at: <https://www.treasury.gov/ofac/downloads/ssi/ssilist.pdf> (the SSI List), (ii) Annexes 3, 4, 5 and 6 of Council Regulation No. 833/2014, as amended from time to time including by Council Regulation No. 960/2014 and Council Regulation (EU) No 1290/2014 and Council Regulation (EU) No 2015/1797 (the “EU Annexes”), or (iii) any other list maintained by a Sanctions Authority, with similar effect to the SSI List or the EU Annexes. For these purposes “**Sanctions Authority**” means each of: (i) the United States government; (ii) the United Nations; (iii) the European Union (or any of its member states or the United Kingdom); (iv) any other equivalent governmental or regulatory authority, institution or agency which administers economic, financial or trade sanctions; and (v) the respective governmental institutions and agencies of any of the foregoing including, without limitation, the Office of Foreign Assets Control of the US Department of the Treasury, the United States Department of State, the United States Department of Commerce and Her Majesty’s Treasury. The representation set out above shall not be sought or given at any time after such representation is first made if and to the extent that it is or would be unenforceable by reason of breach of (i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom) or (ii) any similar blocking or anti-boycott law in the European Union or the United Kingdom.

- (b) It is assuming all the risks inherent in participating in the Consent Solicitation and has undertaken all the appropriate analyses of the implications of the Consent Solicitation without reliance on the Issuer, the Trustee, the Principal Paying and Conversion Agent, the Solicitation Agent or the Tabulation Agent.
- (c) It has observed the laws of all relevant jurisdictions, obtained all requisite governmental, exchange control or other required consents, complied with all requisite formalities and paid any issue, transfer or other taxes or requisite payments due from it in each respect in connection with any vote in relation to the relevant Extraordinary Resolution, in any jurisdiction and that it has not taken or omitted to take any action in breach of the representations or which will or may result in the Issuer, the Solicitation Agent, the Tabulation Agent or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with any votes in relation to the relevant Extraordinary Resolution.
- (d) It has full power and authority to vote in the relevant Meeting (or any such adjourned Meeting).
- (e) Each Ineligible Holder Instruction is made on the terms and conditions set out in this notice and therein.
- (f) Each Ineligible Holder Instruction is being submitted in compliance with the applicable laws or regulations of the jurisdiction in which the Securityholder is located or in which it is resident or located and no registration, approval or filing with any regulatory authority of such jurisdiction is required in connection with each such Ineligible Holder Instruction.
- (g) It holds and will hold, until the earlier of (i) the date on which its Ineligible Holder Instruction is validly revoked, and (ii) conclusion of the relevant Meeting or (if applicable) any relevant adjourned Meeting, as the case may be, the Securities the subject of the Ineligible Holder Instruction, in the relevant Clearing System and, if it holds its Securities through Euroclear, or Clearstream in accordance with the requirements of the relevant Clearing System and by the deadline required by the relevant Clearing System, it has submitted, or has caused to be submitted, an Ineligible Holder Instruction to the relevant Clearing System, as the case may be, to authorise the blocking of such Securities with effect on and from the date thereof so that no transfers of such Securities may be effected until the occurrence of any of the events listed in (i) or (ii) above.
- (h) It acknowledges that none of the Issuer, the Trustee, the Solicitation Agent, the Tabulation Agent and/or the Principal Paying and Conversion Agent or any of their respective affiliates, directors, officers, employees or agents has made any recommendation as to whether to vote on the relevant Extraordinary Resolution and it represents that it has made its own decision with regard to voting on the relevant

Extraordinary Resolution based on any independent legal, financial, tax or other advice that it has deemed necessary to seek.

- (i) It acknowledges that all authority conferred or agreed to be conferred pursuant to these acknowledgements, representations, warranties and undertakings and every obligation of the Securityholder offering to vote on the relevant Extraordinary Resolution shall to the extent permitted by applicable law be binding upon the successors, assigns, heirs, executors, trustees in bankruptcy and legal representatives of the Securityholder voting on the relevant Extraordinary Resolution and shall not be affected by, and shall survive, the death or incapacity of the Securityholder voting on the relevant Extraordinary Resolution, as the case may be.
- (j) The Securities have not been and will not be registered under the Securities Act, or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, unless an exemption from the registration requirements of the Securities Act is available (terms used in this paragraph that are, unless otherwise specified, defined in Regulation S are used as defined in Regulation S).
- (k) The terms and conditions of the Consent Solicitation shall be deemed to be incorporated in, and form a part of, the Ineligible Holder Instruction which shall be read and construed accordingly and that the information given by or on behalf of such Securityholder in the Ineligible Holder Instruction is true and will be true in all respects at the time of the relevant Meeting (or any relevant adjourned Meeting).
- (l) No information has been provided to it by the Issuer, Trustee, the Solicitation Agent or the Tabulation Agent, or any of their respective directors or employees, with regard to the tax consequences for Securityholders arising from the participation in any Consent Solicitation, the implementation of any Extraordinary Resolution, and it acknowledges that it is solely liable for any taxes and similar or related payments imposed on it under the laws of any applicable jurisdiction as a result of its participation in any Consent Solicitation, and agrees that it will not and does not have any right of recourse (whether by way of reimbursement, indemnity or otherwise) against the Issuer, the Trustee, the Solicitation Agent or the Tabulation Agent, or any of their respective directors or employees, or any other person in respect of such taxes and payments.

**If the relevant Ineligible Securityholder is unable to give any of the representations and warranties described above, such Ineligible Securityholder should contact the Tabulation Agent.**

Each Ineligible Securityholder submitting an Ineligible Holder Instruction in accordance with its terms shall be deemed to have agreed to indemnify the Issuer, the Solicitation Agent, the Tabulation Agent, the Principal Paying and Conversion Agent, the Trustee and any of their respective affiliates, directors, officers, employees or agents against all and any losses, costs, fees, claims, liabilities, expenses, charges, actions or demands which any of them may incur or which may be made against any of them as a result of any breach of any of the terms of, or any of the representations, warranties and/or undertakings given pursuant to, such vote by such Securityholder.

## **REQUIREMENTS OF U.S. SECURITIES LAWS**

If an Extraordinary Resolution is passed and implemented in respect of any Series, the Supplemental Trust Deed relating to the relevant Series will contain a statement that, until the expiry of the period of 40 days after the date of the Supplemental Trust Deed, sales of the relevant Securities may not be made in the United States or to U.S. persons unless made outside the United States pursuant to Rules 903 and 904 of Regulation S.

*Securityholders who have submitted and not revoked a valid Consent Instruction or Ineligible Holder Instruction in respect of the relevant Extraordinary Resolution by 10 a.m. (London time) (11 a.m. (CET)) on 3 November 2020 (the “Expiration Deadline”), by which they will have given instructions for the appointment of one or more representatives of the Tabulation Agent by the Principal Paying and Conversion Agent as their proxy to vote in favour of or against (as specified in the relevant Consent Instruction or Ineligible Holder Instruction) the relevant Extraordinary Resolution at the relevant Meeting (or any adjourned such relevant Meeting), need take no further action to be represented at the relevant Meeting (or any such adjourned such Meeting).*

## GENERAL INFORMATION

**The attention of Securityholders is particularly drawn to the quorum required for the Securityholders Meetings and for any adjourned Meeting which is set out in paragraphs 1, 2, 3, 4 and 5 of “Voting and Quorum” below. Having regard to such requirements, Securityholders are strongly urged either to attend the Meeting or to take steps to be represented at the Meeting, as referred to below, as soon as possible.**

## VOTING AND QUORUM

1. The provisions governing the convening and holding of the Meeting are set out in Schedule 3 (*Provisions for Meetings of Holders*) to the relevant Trust Deed, a copy of which is available for inspection by the Securityholders during normal business hours at the specified offices of the Principal Paying and Conversion Agent on any weekday (public holidays excepted) and on the Issuer’s Website up to and including the date of the Meetings and at the Meetings.

All of the Securities are represented by a global Security and are held by a common depository for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”). For the purpose of the Meetings, a “Securityholder” shall mean 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 outstanding of the Securities.

A Securityholder wishing to attend the relevant Meeting in person must produce at the Meeting a valid form of proxy issued by the Principal Paying and Conversion Agent relating to the Securities in respect of which it wishes to vote.

Any Securityholder who wishes to vote in respect of the relevant Extraordinary Resolution but does not wish to attend the relevant Meeting in person should: (i) in the case of a beneficial owner whose Securities are held in book-entry form by a custodian, request such beneficial owner’s custodian to vote on the relevant Extraordinary Resolution in accordance with the procedures set out in **Error! Reference source not found. “Error! Reference source not found.”** of the Consent Solicitation Memorandum, or (ii) in the case of a Securityholder whose Securities are held in book-entry form directly in the relevant Clearing System, vote on the relevant Extraordinary Resolution in accordance with the procedures set out in **Error! Reference source not found. “Error! Reference source not found.”** of the Consent Solicitation Memorandum.

Securityholders should note that the timings and procedures set out below reflect the requirements for Securityholders’ Meetings set out in the relevant Trust Deed, but that the Clearing Systems and the relevant intermediaries may have their own additional requirements as to timings and procedures for voting on the relevant Extraordinary Resolution. Accordingly, Securityholders wishing to vote in respect of the relevant Extraordinary Resolution are strongly urged either to contact their custodian (in the case of a beneficial owner whose Securities are held in book-entry form by a custodian) or the relevant

Clearing System (in the case of a Securityholder whose Securities are held in book-entry form directly in the relevant Clearing System), as soon as possible.

2. At any Meeting, one or more persons present holding Securities or being proxies or representatives and holding or representing in aggregate not less than 25 per cent. of the aggregate Principal Amount Outstanding of the relevant Series of Securities shall (subject as provided below) form a quorum and shall have the power to pass the Extraordinary Resolution.
3. To be passed at the relevant Meeting, the Extraordinary Resolution requires (a) a majority in favour consisting of at least 75 per cent. of the votes cast; or (b) a resolution in writing signed by or on behalf of Securityholders holding not less than 75 per cent. in principal amount outstanding of the relevant Series of Securities, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Securityholders. The question submitted to the Meeting shall be decided in the first instance by a show of hands unless a poll is (before, or on the declaration of, the result of the show of hands) demanded by the chairman of the Meeting, the Issuer, the Trustee or by any person present holding a Security or being a proxy or representative and representing or holding in the aggregate not less than 2 per cent. of the principal amount outstanding of the relevant Series of Securities so held or represented by him a declaration by the Chairman that a resolution has been carried or carried by a particular majority or lost or not carried by a particular majority shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.
4. The implementation of each Consent Solicitation and the related Extraordinary Resolution will be conditional on:
  - (a) the passing of the relevant Extraordinary Resolution; and
  - (b) the quorum required for, and the requisite majority of votes cast at, the relevant Meeting being satisfied by Eligible Securityholders, irrespective of any participation at the relevant Meeting by Ineligible Securityholders (including the satisfaction of such condition at an adjourned Meeting) (the “**Eligibility Condition**”),(together, the “**Consent Conditions**”).
5. If passed, the Extraordinary Resolution passed at the Meeting will be binding upon all the Securityholders of the relevant Series whether or not present or voting at the Meeting.

### **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of items (a) to (b) below (together, the “**Securityholder Information**”) will be available from the date of this Notice, for inspection during normal business hours at the specified offices of the Principal Paying and Conversion Agent on any weekday (public holidays excepted) and on the Issuer’s Website up to and including the date of the Meeting and at the Meeting.

- (a) this Notice;
- (b) the current drafts of each Supplemental Trust Deed as referred to in the relevant Extraordinary Resolution set out above (the “**Supplemental Trust Deeds**”); and
- (c) such other ancillary documents as may be approved by the Trustee and/or such other relevant party as are necessary or desirable to give effect to the Securityholder Proposal in full.

This Notice should be read in conjunction with the Securityholder Information.

The Securityholder Information may be supplemented from time to time. Existing Securityholders should note that each Supplemental Trust Deed may be subject to amendment (where such amendments are in line with the Proposed Amendments up until 7 days prior to the date fixed for the relevant Meeting. Should such amendments be made, blacklined copies (showing the changes from the originally available Supplemental Trust Deeds) and clean versions will be available for inspection, at the specified office of the Principal Paying and Conversion Agent and on the Issuer's Website.

Existing Securityholders will be informed of any such amendments to the Supplemental Trust Deeds by announcements released on the regulatory news service of the London Stock Exchange.



## CONTACT INFORMATION

Further information relating to the Proposed Amendments can be obtained from the Solicitation Agent directly:

Lloyds Bank Corporate Markets plc  
10 Gresham Street  
London EC2V 7AE  
United Kingdom

Telephone number: +44 20 7158 1719 / 1726

Attention: Liability Management Group

Email: [liability.management@lloydsbanking.com](mailto:liability.management@lloydsbanking.com)

The address of the Principal Paying and Conversion Agent, the Tabulation Agent and the Trustee are set out below:

### Trustee

BNY Mellon Corporate Trustee Services Limited  
40th Floor  
One Canada Square  
London E14 5AL  
United Kingdom

Fax: +44 (0)207 964 4637

Email: [corpsov4@bnymellon.com](mailto:corpsov4@bnymellon.com)

Attention: Trustee Administration Manager

### Tabulation Agent

Lucid Issuer Services Limited  
Tankerton Works  
12 Argyle Walk  
London WC1H 8HA  
United Kingdom

Telephone number: +44 20 7704 0880

Email: [lloydsbank@lucid-is.com](mailto:lloydsbank@lucid-is.com)

### Principal Paying and Conversion Agent

The Bank of New York Mellon, London Branch,  
One Canada Square  
London E14 5AL  
United Kingdom

Telephone: +44 1202 689 984

Email: [corpsov4@bnymellon.com](mailto:corpsov4@bnymellon.com)

Attention: Corporate Trust Administration  
(Structured Finance)

Securityholders whose Securities are held by Euroclear or Clearstream, Luxembourg should contact the Tabulation Agent at the address details above for further information on the process for voting at the Meeting.

## ANNOUNCEMENTS

If the Issuer is required to make an announcement relating to matters set out in this Notice, any such announcement will be made in accordance with all applicable rules and regulations via notices to the Clearing Systems for communication to Securityholders and an announcement released on the regulatory news service of the London Stock Exchange.

This Notice is given by:

**LLOYDS BANKING GROUP PLC**

Dated 21 October 2020

## ANNEX A

### Amendments to the Relevant Conditions and Trust Deed of the Securities

**(A) Condition 5(d) shall be deleted and replaced with the following:**

*5(d) Reset Interest Rate*

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 5 on each Reset Date. The Reset Rate of Interest in respect of each Reset Period will be determined by the Calculation Agent on the relevant Reset Determination Date as the sum of the relevant Adjusted Reset Reference Rate plus the Margin, converted to a quarterly rate in accordance with market convention (rounded to three decimal places, with 0.0005 rounded down).

**(B) Following provision shall be included in the Conditions as new Condition 5(i):**

*(i) Benchmark discontinuation*

- A. Notwithstanding the provisions above in Condition 5(d), if a Benchmark Event occurs in relation to an Original Reference Rate when any required Reset Rate of Interest (or any component part thereof), remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 5(i)(A) shall apply.

*(i) Independent Adviser*

The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(i)(A)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 5(i)(A)(iii)) and any Benchmark Amendments (in accordance with Condition 5(i)(A)(iv)).

*(ii) Successor Rate or Alternative Rate*

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

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the AT1 Securities (subject to the further operation of this Condition 5(i)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the AT1 Securities (subject to the further operation of this Condition 5(i)).

*(iii) Adjustment Spread*

The applicable Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a Reset Rate of Interest (or a component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(i)(A) and the Issuer, following consultation with the Independent Adviser, determines (A) that amendments to these Conditions and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”); and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(B), without any requirement for the consent or approval of AT1 Securityholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Issuer pursuant to Condition 5(i)(B), the Trustee shall (at the expense of the Issuer), without any requirement for the consent or approval of the AT1 Securityholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or an agreement supplemental to or amending the Trust Deed and/or the Agency Agreement (as applicable)) and the Trustee shall not be liable to any party for any consequences thereof, provided that the Trustee shall not be obliged so to concur if in the sole 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 rights and/or 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.

In connection with any such variation in accordance with this Condition 5(i)(A)(iv), the Issuer shall comply with the rules of any stock exchange on which the AT1 Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(i)(A), no Successor Rate or Alternative Rate will be adopted, nor will the applicable Adjustment Spread be applied, nor will any other amendment to the terms and conditions of the AT1 Securities be made to effect the Benchmark Amendments, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the AT1 Securities as Tier 1 Capital.

- B. Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5(i) will be notified promptly by the Issuer to the Trustee, the Calculation Agent, the Paying and Conversion Agents, the Transfer Agents and, in accordance with Condition 17, the AT1 Securityholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

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 where a Benchmark Event in relation to an Original Reference Rate has occurred in accordance with Condition 5(i)(A) above:

- (I) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(i);

- (II) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread; and
- (III) certifying that (i) the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (ii) explaining, in reasonable detail, why the Issuer has not done so.

The Trustee shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination thereof and without prejudice to the Trustee's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Paying and Conversion Agents, the Transfer Agents and the AT1 Securityholders.

- C. Without prejudice to the obligations of the Issuer under Condition 5(i)(A), the Original Reference Rate and the fallback provisions provided for in Condition 5(d), will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be) and the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 5(i)(A) and Condition 5(i)(B).

An Independent Adviser appointed pursuant to this Condition 5(i) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Trustee, the Calculation Agent, the Paying and Conversion Agents, the Transfer Agents or the AT1 Securityholders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(i).

In making any determination pursuant to this Condition 5(i), the Issuer shall act in good faith and, in the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, the Calculation Agent, the Paying and Conversion Agents, the Transfer Agents or the AT1 Securityholders for any such determination made by it.

**(C) Condition 13(b) shall be amended as follows:**

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

The Trustee may agree, without the consent of the AT1 Securityholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the AT1 Securityholders. The Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(i) (and subject to receipt of the certificate of the Issuer required pursuant to Condition 5(i)(B)) without the consent of the Securityholders. Any such modification, authorisation or waiver shall be binding on the AT1 Securityholders and, if the Trustee so requires, shall be notified to the AT1 Securityholders as soon as practicable.

**(D) Condition 19 shall be amended as follows:**

- (i) Following definitions will be added to Condition 19 in appropriate places in alphabetical order:

“**Adjusted Reset Reference Rate**” means the sum, converted to a semi-annual rate in accordance with market convention, of (i) the relevant Reset Reference Rate; and (ii) the Reset Reference Rate Adjustment;

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

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Issuer, following consultation with the Independent Adviser, determines is customarily applied to the relevant Successor Rate or Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) if the Issuer determines there is no such spread, formula or methodology customarily applied, the Issuer determines, following consultation with the Independent Adviser is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 5(i)(A)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same currency as the AT1 Securities;

**“Benchmark Amendments”** has the meaning given to it in Condition 5(i)(A)(iv);

**“Benchmark Event”** means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published for a period of at least five business days or ceasing to exist; or
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used either generally or in respect of the AT1 Securities, or that its use will be subject to restrictions or adverse consequences; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has or will prior to the next Reset Determination Date become unlawful for any Paying and Conversion Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any AT1 Securityholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable),

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

**“Independent Adviser”** means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 5(i)(A)(i);

**“Original Reference Rate”** means the screen rate originally specified for the purpose of determining the Reset Rate of Interest (or any relevant component part(s) thereof) on the AT1 Securities (provided that if, following one or more Benchmark Events, such originally specified Reset Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate (as applicable), the term “Original Reference Rate” shall be deemed to include any such Successor Rate or Alternative Rate, as the case may be);

**“Relevant Nominating Body”** means:

- (i) the central bank for the currency to which the screen rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the screen rate; 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 screen rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the screen rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof;

**“Reset Reference Rate Adjustment”** means [●] per cent. (expressed on an annual basis);<sup>2</sup>

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

(ii) Definitions for ‘Margin’, ‘Reset Period’, ‘Reset Reference Rate’, ‘Mid-Swap Quotations’, ‘Reset Reference Bank Rate’ and ‘Screen Page’ will be deleted and replaced with the following definitions in Condition 19 in appropriate places in alphabetical order:

For the purposes of the PNC9 Securities, **“Margin”** means 5.01 per cent. (expressed on a semi-annual basis) and for the purposes of the PNC15 Securities, **“Margin”** means 4.83 per cent. (expressed on a semi-annual basis);

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

**“Reset Reference Rate”** means in respect of the relevant Reset Period, (i) the applicable annual mid-swap rate for swap transactions in pounds sterling (with a maturity equal to 5 years) where the floating leg pays daily compounded SONIA annually and calculated and published by ICE Benchmark Administration

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<sup>2</sup> Amount to be determined in accordance with Annex B to the Notice of Securityholder Meetings.

Limited on the relevant Reset Determination Date and displayed at 11.15 a.m. (London time) on the relevant Reset Determination Date on such Bloomberg or Reuters page (the “**Screen Page**”) or, as the case may be, on such other information service that may replace Bloomberg or Reuters, in each case, as may be nominated by ICE Benchmark Administration Limited; or (ii) if such rate is not displayed on the Screen Page at such time and date (other than in the circumstances provided for in Condition 5(i)), the relevant Reset Reference Bank Rate, where:

“**Mid-Swap Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in pounds sterling which (i) has a term commencing on the relevant Reset Date which is equal to 5 years; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 5(i)) the overnight SONIA rate compounded for 12-months (calculated on an Actual/365 day count basis); and

“**Reset Reference Bank Rate**” means the percentage rate determined on the basis of the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. (London time) on the relevant Reset Determination Date and, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the First Reset Period, the relevant Reset Reference Rate but calculated as at the last available date preceding the relevant Reset Determination Date on which such a rate was published; or (ii) in the case of the First Reset Period, an amount equal to 2.042 per cent<sup>3</sup>.

**(D) Clause 14.1 (Modification) of the relevant Trust Deed shall be deleted and replaced with the following:**

**14.1 Modification:** Subject to the Issuer giving such notice to, and receiving such permission from, the Relevant Regulator as may from time to time be required by the Relevant Regulator under the Applicable Regulations, the Trustee may from time to time and at any time without the consent of the Holders concur with the Issuer in:

14.1.1 making any modification to the Conditions, this Trust Deed or the Agency Agreement which in its opinion is not materially prejudicial to the interests of the Holders; or

14.1.2 making any modification to the Conditions, this Trust Deed or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error,

but such power in Clause 14.1.1 does not extend to any such modification which require the passing of a special quorum resolution under paragraph 3 of Schedule 3. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any amendments to the Conditions, this Trust Deed or the Agency Agreement in the circumstances and as otherwise set out in Condition

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<sup>3</sup> Amount determined by reference to the intra-day high for the 5 year mid-swap rate cited as on 20 March 2014, being the pricing date for the Securities at the time of their issuance (Source: Bloomberg).



5(i) (and subject to receipt of the certificate of the Issuer required pursuant to Condition 5(i)(B))  
without the requirement for consent of the Holders.

## ANNEX B

### Pricing Methodology

#### Rationale for the Proposal

Due to the differences in the nature of LIBOR and SONIA, the replacement of the LIBOR linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays 6 month GBP LIBOR semi-annually)) as the Reset Reference Rate for the Securities with a SONIA linked mid-swap rate (specifically being the mid-rate for a 5 year Sterling fixed-for-floating interest rate swap (where the floating leg pays daily compounded SONIA annually)) will require certain adjustments to the Reset Reference Rate payable in respect of the Securities to the extent that either Series of Securities remains outstanding beyond the First Reset Date. The Conditions will be amended by incorporating an adjustment (the “**Reset Reference Rate Adjustment**”) which will be added to the Reset Reference Rate when calculating the relevant Reset Rate of Interest in order to reflect the difference between LIBOR linked mid-swap rates and SONIA linked mid-swap rates.

The pricing methodology proposed for the adjustment to the Reset Reference Rate on conversion of the Reset Reference Rate from a LIBOR linked mid-swap rate to a SONIA linked mid-swap rate uses only market observable screen spot rates.

The date from which the proposed change in reference rate is to occur will be the Effective Date (which is expected to be 5 November 2020)

The determination of the relevant market observable screen spot rates will take place at or around 2 p.m. (London time) (the “**Pricing Time**”) on 5 November 2020 (the “**Pricing Date**”, except where there is an adjournment of the Meeting, in which case the Pricing Date will be specified in the notice of the adjourned Meeting). If there is an adjourned Meeting, the adjustment to the Reset Reference Rate may be different to the amounts which would have been calculated if the relevant Extraordinary Resolution had been passed (and the Eligibility Condition satisfied) at the initial Meeting.

#### Determination of the Reset Reference Rate Adjustment

The Reset Reference Rate Adjustment for the Securities to be determined on the Pricing Date and effective on the Effective Date will be equal to the LIBOR vs SONIA IRS Basis.

The LIBOR vs SONIA IRS Basis is a number of basis points rounded to the nearest 0.1 basis points (with 0.05 basis points rounded upwards) as calculated by the Solicitation Agent on the Pricing Date, as follows:

On the Pricing Date, at or around the Pricing Time, the Solicitation Agent will determine:

- a) the 5 Year SONIA annual mid-swap rate (being the mid-rate for 5 year Sterling fixed-for-floating interest rate swap transactions (where the floating leg pays daily compounded SONIA annually) as quoted on Bloomberg page ICAB9); and
- b) the 5 Year LIBOR semi-annual mid-swap rate (being the mid-rate for 5 year Sterling fixed-for-floating interest rate swap transactions (where the floating leg pays 6 month GBP LIBOR semi-annually) as quoted on Bloomberg page ICAB9), converted to an annual rate in accordance with market convention (rounded to three decimal places, with 0.0005 rounded down)

Thereafter the Solicitation Agent will calculate the LIBOR vs SONIA IRS Basis by subtracting (a) from (b)

To the extent that either (a) or (b) is not available on the relevant page on Bloomberg as set out above, both (a) and (b) shall be as quoted on such other page as may replace it on Bloomberg, or on such similar or replacement service as may be determined by the Solicitation Agent in its sole discretion.

The Reset Reference Rate Adjustment will be announced to Securityholders as soon as practicable following the Pricing Time on the Pricing Date.