



LLOYDS BANK

LLOYDS BANK plc

*(incorporated in England with limited liability with registered number 2065)***£35,000,000,000****Euro Medium Term Note Programme**

This Prospectus (the “**Prospectus**”) is issued in connection with the Programme (as defined below). Save where otherwise specified in the applicable Final Terms, any Notes (as defined below) issued under the Programme on or after the date of this Prospectus are issued subject to the provisions described herein. This does not affect any Notes already in issue. Under the Euro Medium Term Note Programme described in this Prospectus (the “**Programme**”), Lloyds Bank plc (the “**Bank**” or “**Lloyds Bank**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the “**Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed £35,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

Application has been made to the Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000 (the “**FSMA**”) for Notes issued under the Programme (other than PR Exempt Notes (as defined below)) for the period of twelve months from the date of this Prospectus to be admitted to the Official List of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Notes to be admitted to trading on the London Stock Exchange’s Main Market (the “**Market**”). References in this Prospectus to Notes being “**listed**” (and all related references) shall mean that such Notes have been admitted to trading on the Market and have been admitted to the Official List. The Market is a UK regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**EUWA**”) (the “**UK MiFIR**”).

Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the International Securities Market (the “**ISM**”) of the London Stock Exchange. **The ISM is not a UK regulated market for the purposes of 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 FCA. The London Stock Exchange has not approved or verified the contents of this Prospectus.**

The Programme provides that PR Exempt Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets (other than a stock exchange or market which is a UK regulated market for the purposes of UK MiFIR) as may be agreed between the Bank and the relevant Dealer. The Bank may also issue unlisted PR Exempt Notes and/or PR Exempt Notes not admitted to trading on any stock exchange or market. In the case of PR Exempt Notes, the applicable Pricing Supplement (as defined below) will state whether or not the relevant Notes will be so listed and/or admitted to trading and, if so, the market on which such Notes are admitted to trading.

The applicable Final Terms (as defined herein) or Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Market (or any other stock exchange). References in this Prospectus to “**PR Exempt Notes**” are to Notes for which no prospectus is required to be published pursuant to the UK Prospectus Regulation (as defined herein). Information contained in this Prospectus regarding PR Exempt Notes shall not be deemed to form part of this Prospectus and the FCA acting under Part VI of the FSMA has neither approved nor reviewed information contained in this Prospectus in connection with the offering and sale of PR Exempt Notes. In the case of PR Exempt Notes, notice of the aforesaid information which is applicable to each Tranche (as defined herein) will be set out in a pricing supplement document (“**Pricing Supplement**”). Accordingly, in the case of PR Exempt Notes, each reference in this Prospectus to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to such information being specified or identified in the applicable Pricing Supplement, unless the context requires otherwise.

This Prospectus has been approved by the FCA, as competent authority under the UK Prospectus Regulation. The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation; such approval should not be considered as (a) an endorsement of the Bank; or (b) an endorsement of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Each Tranche of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**”) and, together with the temporary Global Notes, the “**Global Notes**”). Notes in registered form may also be issued. The minimum specified denomination of the Notes shall be at least the greater of (i) €100,000 (or its equivalent in another currency as at the date of issue of the Notes) or (ii) the minimum amount allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Specified Currency of the Notes.

As at the date of this Prospectus: (i) long-term senior obligations of the Bank are rated “A+” by S&P Global Ratings UK Limited (“**S&P**”), “A1” by Moody’s Investors Service Ltd. (“**Moody’s**”) and “A+” by Fitch Ratings Ltd (“**Fitch**”) and (ii) short-term senior obligations of the Bank are rated “A-1” by S&P, “P-1” by Moody’s and “F1” by Fitch. Each of S&P, Fitch and Moody’s is established in the United Kingdom (the “**UK**”) and is registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the EUWA (the “**UK CRA Regulation**”).

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be

treated as having been issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the applicable Final Terms or Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

This Prospectus will be valid as a base prospectus under the UK Prospectus Regulation for 12 months from 2 July 2021. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period.

**Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Prospectus. This Prospectus does not describe all of the risks of an investment in the Notes.**

**Prospective investors in Notes should ensure that they understand the nature of the relevant Notes and the extent of their exposure to risks and that they consider the suitability of the relevant Notes as an investment in the light of their own circumstances and financial condition. It is the responsibility of prospective investors to ensure that they have sufficient knowledge, experience and professional advice to make their own legal, financial, tax, accounting and other business evaluation of the merits and risks of investing in the Notes and are not relying on the advice of the Bank, the Trustee (as defined herein) or any Dealer (as defined herein) in that regard.**

**Arranger  
BofA Securities**

**Co-arranger  
Lloyds Bank Corporate Markets**

**Dealers**

**Barclays**

**BNP PARIBAS**

**Commerzbank**

**Credit Suisse**

**Deutsche Bank**

**Goldman Sachs International**

**J.P. Morgan**

**Mizuho Securities**

**NatWest Markets**

**RBC Capital Markets**

**Standard Chartered Bank**

**UniCredit**

**BofA Securities**

**Citigroup**

**Crédit Agricole CIB**

**Daiwa Capital Markets Europe**

**DZ BANK AG**

**HSBC**

**Lloyds Bank Corporate Markets**

**Morgan Stanley**

**Nomura**

**SMBC Nikko**

**UBS Investment Bank**

**Wells Fargo Securities**

This Prospectus comprises a base prospectus for the purposes of the UK Prospectus Regulation. When used in this Prospectus, “Prospectus Regulation” means Regulation (EU) 2017/1129 (as amended), and “UK Prospectus Regulation” means the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

The Bank accepts responsibility for the information contained in this Prospectus and the applicable Final Terms or Pricing Supplement (as applicable) for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Bank the information contained in this Prospectus, the applicable Final Terms or Pricing Supplement (as applicable) is in accordance with the facts and the Prospectus as completed by the applicable Final Terms or the Pricing Supplement (as applicable) does not omit anything likely to affect the import of such information.

The Notes may not be a suitable investment for all investors. Each potential investor in any Notes must determine the suitability of that 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable Supplemental Prospectus or any applicable drawdown prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment 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 relevant Notes, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the relevant Notes, be familiar with the behaviour of any relevant indices and financial markets and be familiar with the resolution regime applicable to the Bank and Lloyds Bank Group, including the possibility that the Notes may be 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, holding and disposal of an interest in the relevant Notes.

An investment in the Notes may give rise to higher yields than a bank deposit placed with a deposit-taking bank within Lloyds Bank Group. However, an investment in the Notes carries risks which are very different from the risk profile of such a bank deposit. The Notes may provide greater liquidity than a bank deposit since bank deposits are generally not transferable. Conversely, unlike certain bank deposits (i) where the Put Option is stated in the applicable Final Terms or Pricing Supplement to be not applicable, holders of Notes have no ability to require repayment of their investment unless an Event of Default occurs and then only in limited circumstances (see “*Terms and Conditions of the Notes*”) and (ii) holders of the Notes will not have the benefit of any insurance or deposit guarantee of the FSCS (as defined below) or any other government agency. See also “*Risks related to the structure of a particular issue of Notes*” and “*Risks related to Notes generally*”.

Some Notes 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. A potential investor should not invest in any Notes unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see *"Documents Incorporated by Reference"*).

No person is or has been authorised to give any information or to make any representation other than as contained in this Prospectus in its entirety in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or any of the Dealers, the Arranger, the Co-arranger or the Trustee (each as defined in "Overview of the Programme"). Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank, Lloyds Bank Group or Lloyds Banking Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Bank, the Trustee, the Arranger, the Co-arranger or any of the Dealers that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each prospective investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or an invitation by or on behalf of, the Bank or any of the Dealers or the Trustee to any person to subscribe for or purchase, any Notes.

None of the Arranger, the Co-arranger or any of the Dealers makes any representation as to the suitability of any Sustainability Bonds (as defined herein), including the listing or admission to trading thereof on any dedicated 'green', 'environmental', 'sustainable', 'social' or other equivalently-labelled segment of any stock exchange or securities market, to fulfil any green, social, environmental or sustainability criteria required by any prospective investors. None of the Arranger, the Co-arranger or any of the Dealers have undertaken, nor are they responsible for, any assessment of the eligibility criteria for Eligible Projects (as defined herein), any verification of whether the Eligible Projects meet such criteria or the monitoring of the use of proceeds of any Sustainability Bonds (or amounts equal thereto). Investors should refer to any sustainability framework which the Company may publish from time to time, any second party opinion delivered in respect thereof, and any public reporting by or on behalf of the Company in respect of the application of the proceeds of any issue of Sustainability Bonds for further information. Any such sustainability framework and/or second party opinion and/or public reporting will not be incorporated by reference in this Prospectus and none of the Arranger, the Co-arranger or any of the Dealers makes any representation as to the suitability or contents thereof.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Arranger or the Co-arranger as to the accuracy or completeness of the information contained or incorporated by reference in this Prospectus or any other information provided by the Bank in connection with the Programme. Neither the Dealers, the Arranger nor the Co-arranger

accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Bank in connection with the Programme.

The Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme.

**MiFID II PRODUCT GOVERNANCE / TARGET MARKET:** The Final Terms or Pricing Supplement in respect of any Notes may include a legend entitled “MiFID II Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, “MiFID II”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue of Notes about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the “MiFID Product Governance Rules”), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, the Co-arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

**UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET:** The Final Terms or Pricing Supplement in respect of any Notes shall include a legend entitled “UK MiFIR Product Governance” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “UK MiFIR Product Governance Rules”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue of Notes about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger, the Co-arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

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

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Bank, the Dealers, the Arranger and the Co-arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “Securities Act”), and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the accounts or benefit of, U.S. persons. The Notes are being offered and sold outside the United States to persons that are not U.S. persons (as defined in Regulation S (“Regulation S”) under the Securities Act) in reliance on Regulation S. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see “*Selling Restrictions*”. If, in respect of any offering of Notes, the offer of such Notes in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed and so agrees, the offer of such Notes in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Bank.

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

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “£”, “pounds” and “Sterling” are to pounds sterling, references to “U.S. dollars” and to “U.S.\$” are to United States dollars, references to “Yen” are to Japanese Yen, references to “Renminbi”, “RMB” and “CNY” are to the lawful currency of the PRC, references to “Hong Kong dollars” are to the lawful currency of Hong Kong and references to “€” and “euro” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

In this Prospectus, references to “PRC” are to the People’s Republic of China which, for the purpose of this Prospectus, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

In this Prospectus, references to “CNH Notes” are to Notes denominated in CNY or Renminbi deliverable in Hong Kong.

In this Prospectus, references to “CMU Notes” are to Notes denominated in any lawful currency which the Central Moneymarkets Unit Service (the “CMU Service”) accepts for settlement from time to time that are, or are intended to be, cleared through the CMU Service.

If the Global Notes are stated in the applicable Final Terms or Pricing Supplement to be issued in new global note (“NGN”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or any other agreed

clearing system. If a Global Certificate is held under the new safekeeping structure (the “NSS”), the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Global Notes which are not issued in NGN form (“Classic Global Notes” or “CGNs”) and Global Certificates which are not held under the NSS will be deposited on the issue date of the relevant Tranche with a common depository on behalf of Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system. Notes in registered form (“Registered Notes”) will be represented by registered certificates (each a “Certificate”). Registered Notes which are sold to persons that are not U.S. persons in an ‘offshore transaction’ within the meaning of Regulation S under the Securities Act, will initially be represented by a permanent registered global certificate (each, a “Global Certificate”), which will, unless held under the NSS, be deposited on the issue date of the relevant Tranche either with (a) a common depository on behalf of Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA or (c) and/or any other agreed clearing system. Investors may also hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (“CREST”) through the issuance of dematerialised depository interests (“CREST Depository Interests” or “CDIs”) issued, held, settled and transferred through CREST, representing interests in the relevant Notes underlying the CDIs (the “Underlying Notes”). CREST Depository Interests are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the “CREST Depository”) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “CREST Deed Poll”). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Bearer Notes are described in “Summary of Provisions Relating to the Notes while in Global Form”.

In connection with the issue of any Tranche, the Dealer or Dealers (if any) acting as stabilisation manager(s) (the “Stabilisation Manager(s)”) (or persons acting on behalf of any Stabilisation Manager(s)) 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 Final Terms or Pricing Supplement, as applicable, of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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

Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of the Benchmarks Regulation (Regulation (EU) 2016/1011) as it forms part of domestic law by virtue of the EUWA (the “UK Benchmarks Regulation”). If any such reference rate does constitute such a benchmark, the applicable Final Terms or Pricing Supplement will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK Benchmarks Regulation. Not every reference rate will fall

within the scope of the UK Benchmarks Regulation. Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms or Pricing Supplement (or, if located outside the UK, recognition, endorsement or equivalence). The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Bank does not intend to update the applicable Final Terms or Pricing Supplement to reflect any change in the registration status of the administrator.

**SINGAPORE SFA PRODUCT CLASSIFICATION:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), unless otherwise specified before an offer of Notes, the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).



## **Certain Definitions**

In this Prospectus, reference to:

- (i) **“Company”** or **“LBG”** is to Lloyds Banking Group plc;
- (ii) **“FCA”** is to the United Kingdom Financial Conduct Authority;
- (iii) **“FSA”** is to the United Kingdom Financial Services Authority;
- (iv) **“FSMA”** is to the Financial Services and Markets Act 2000;
- (v) **“HBOS Group”** or **“HBOS”** is to HBOS plc and its subsidiary and associated undertakings;
- (vi) **“Issuer”**, **“Lloyds Bank”** or **“Bank”** is to Lloyds Bank plc;
- (vii) **“LBCM”** is to Lloyds Bank Corporate Markets plc;
- (viii) **“Lloyds Bank Group”**, **“Lloyds”** or the **“Group”** is to the Bank and its subsidiary and associated undertakings;
- (ix) **“Lloyds Banking Group”** is to the Company and its subsidiary and associated undertakings (including the members of Lloyds Bank Group); and
- (x) **“PRA”** is to the United Kingdom Prudential Regulation Authority.

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## FORWARD LOOKING STATEMENTS

Certain statements included herein may constitute forward looking statements with respect to the business, strategy, plans and/or results of Lloyds Bank Group and its current goals and expectations relating to its future financial condition and performance. Statements that are not historical or current facts, including statements about Lloyds Bank Group's or its directors' and/or management's beliefs and expectations, are forward looking statements. Words such as 'believes', 'achieves', 'anticipates', 'estimates', 'expects', 'targets', 'should', 'intends', 'aims', 'projects', 'plans', 'potential', 'will', 'would', 'could', 'considered', 'likely', 'may', 'seek', 'estimate' and variations of these words and similar future or conditional expressions are intended to identify forward looking statements but are not the exclusive means of identifying such statements.

Examples of such forward looking statements include, but are not limited to, statements or guidance relating to: projections or expectations of Lloyds Bank Group's future financial position including profit attributable to shareholders, provisions, economic profit, dividends, capital structure, portfolios, net interest margin, capital ratios, liquidity, risk-weighted assets, expenditures or any other financial items or ratios; litigation, regulatory and governmental investigations; Lloyds Bank Group's future financial performance; the level and extent of future impairments and write-downs; statements of plans, objectives or goals of Lloyds Bank Group or its management including in respect of statements about the future business and economic environments in the UK and elsewhere including, but not limited to, future trends in interest rates, foreign exchange rates, credit and equity market levels and demographic developments; statements about competition, regulation, disposals and consolidation or technological developments in the financial services industry; and statements of assumptions underlying such statements.

By their nature, forward looking statements involve risk and uncertainty because they relate to events and depend upon circumstances that will or may occur in the future.

Factors that could cause actual business, strategy, plans and/or results (including but not limited to the payment of dividends) to differ materially from forward looking statements made by Lloyds Bank Group or on its behalf include, but are not limited to: general economic and business conditions in the UK and internationally; market related trends and developments; fluctuations in interest rates, inflation, exchange rates, stock markets and currencies; any impact of the transition from interbank offered rates (IBORs) to alternative reference rates; the ability to access sufficient sources of capital, liquidity and funding when required; changes to Lloyds Banking Group's or Lloyds Bank Group's credit ratings; the ability to derive cost savings and other benefits including, but without limitation as a result of any acquisitions, disposals and other strategic transactions; potential changes in dividend policy; the ability to achieve strategic objectives; Lloyds Bank Group's environmental, social and corporate governance ("ESG") targets and/or commitments; changing customer behaviour including consumer spending, saving and borrowing habits; changes to borrower or counterparty credit quality; impacting the recoverability and value of balance sheet assets; concentration of financial exposure; management and monitoring of conduct risk; exposure to counterparty risk (including but not limited to third parties conducting illegal activities without Lloyds Bank Group's knowledge); instability in the global financial markets, including Eurozone instability, instability as a result of uncertainty surrounding the exit by the UK from the European Union ("EU") and the EU-UK Trade and Cooperation Agreement, instability as a result of the potential for other countries to exit the EU or the Eurozone, and the impact of any sovereign credit rating downgrade or other sovereign financial issues; political instability including as a result of any UK general election and any further possible referendum on Scottish independence; technological changes and risks to the security of IT and operational infrastructure, systems, data and information resulting from increased threat of cyber and other attacks; natural, pandemic (including but not limited to the coronavirus disease ("COVID-19") pandemic) and other disasters, adverse weather and similar contingencies outside the Lloyds Bank Group's or the Company's control; inadequate or failed internal or external processes or systems; acts of war, other acts of hostility, terrorist

acts and responses to those acts, or other such events; geopolitical unpredictability; risks relating to sustainability and climate change including the Lloyds Bank Group's or the Company's ability along with the government and other stakeholders to manage and mitigate the impacts of climate change effectively; changes in laws, regulations, practices and accounting standards or taxation, including as a result of the UK's exit from the EU; changes to regulatory capital or liquidity requirements (including regulatory measures to restrict distributions to address potential capital and liquidity stress) and similar contingencies outside Lloyds Bank Group's or the Company's control; the policies, decisions and actions of governmental or regulatory authorities or courts in the UK, the EU, the United States (the "U.S.") or elsewhere including the implementation and interpretation of key laws, legislation and regulation together with any resulting impact on the future structure of Lloyds Bank Group; the ability to attract and retain senior management and other employees and meet its diversity objectives; actions or omissions by the Lloyds Bank Group's directors, management or employees including industrial action; changes in Lloyds Bank Group's ability to develop sustainable finance products and Lloyds Bank Group's capacity to measure the climate impact from its financing activity, which may affect Lloyds Bank Group's ability to achieve its climate ambition; post-retirement defined benefit scheme obligations; the extent of any future impairment charges or write-downs caused by, but not limited to, depressed asset valuations, market disruptions and illiquid markets; the value and effectiveness of any credit protection purchased by Lloyds Bank Group; the inability to hedge certain risks economically; the adequacy of loss reserves; the actions of competitors, including non-bank financial services, lending companies and digital innovators and disruptive technologies; and exposure to regulatory or competition scrutiny, legal, regulatory or competition proceedings, investigations or complaints.

Lloyds Banking Group may also make or disclose written and/or oral forward looking statements in reports filed with or furnished to the U.S. Securities and Exchange Commission, its annual reviews, half-year announcements, proxy statements, offering circulars, prospectuses, press releases and other written materials and in oral statements made by the directors, officers or employees of Lloyds Banking Group to third parties, including financial analysts. Except as required by any applicable law or regulation, the forward looking statements contained in this Prospectus are made as of the date hereof, and Lloyds Bank Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained in this Prospectus to reflect any change in Lloyds Bank Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

### *Lloyds Bank plc financial statements:*

- (i) The Bank's Q1 2021 Interim Management Statement for the three months ended 31 March 2021 (the **"Bank's Q1 2021 Statement"**) and available at <https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2021/q1/2021-lb-q1-ims.pdf>;
- (ii) The audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2020, together with the audit report thereon, as set out on pages 79 to 223 and 68 to 78, respectively (the **"Bank's 2020 Annual Report"**); and available at <https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2020/2020-lb-annual-report.pdf>; and
- (iii) The audited consolidated annual financial statements of the Bank for the financial year ended 31 December 2019, together with the audit report thereon, as set out on pages 34 to 197 and 26 to 33, respectively (the **"Bank's 2019 Annual Report"**); and available at <https://www.lloydsbankinggroup.com/assets/pdfs/investors/financial-performance/lloyds-bank-plc/2019/2019-lb-annual-report.pdf>.

### *Other documents incorporated by reference:*

- (iv) The section entitled "Terms and Conditions" on pages 19 to 40 of the Base Prospectus dated 13 June 2006 relating to the Lloyds TSB Bank plc £25,000,000,000 EMTN Programme available at [https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn\\_lb\\_prospectus\\_13jun20061.pdf](https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn_lb_prospectus_13jun20061.pdf);
- (v) The section entitled "Terms and Conditions" on pages 24 to 61 of the Base Prospectus dated 12 June 2007 relating to the Lloyds TSB Bank plc £25,000,000,000 EMTN Programme available at [https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn\\_lb\\_prospectus\\_12jun2007.pdf](https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn_lb_prospectus_12jun2007.pdf);
- (vi) The section entitled "Terms and Conditions" on pages 25 to 66 of the Base Prospectus dated 10 June 2008 relating to the Lloyds TSB Bank plc £30,000,000,000 EMTN Programme available at [https://www.rns-pdf.londonstockexchange.com/rns/3775W\\_1-2008-6-10.pdf](https://www.rns-pdf.londonstockexchange.com/rns/3775W_1-2008-6-10.pdf);
- (vii) The section entitled "Terms and Conditions" on pages 43 to 84 of the Base Prospectus dated 4 June 2009 relating to the Lloyds TSB Bank plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/3982T\\_-2009-6-4.pdf](http://www.rns-pdf.londonstockexchange.com/rns/3982T_-2009-6-4.pdf);
- (viii) The section entitled "Terms and Conditions" on pages 52 to 104 of the Base Prospectus dated 14 May 2010 relating to the Lloyds TSB Bank plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/9563L\\_-2010-5-14.pdf](http://www.rns-pdf.londonstockexchange.com/rns/9563L_-2010-5-14.pdf);
- (ix) The section entitled "Terms and Conditions" on pages 52 to 112 of the Base Prospectus dated 20 May 2011 relating to the Lloyds TSB Bank plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/0427H\\_1-2011-5-20.pdf](http://www.rns-pdf.londonstockexchange.com/rns/0427H_1-2011-5-20.pdf);
- (x) The section entitled "Terms and Conditions" on pages 49 to 85 of the Base Prospectus dated 20 April 2012 relating to the Lloyds TSB Bank plc £50,000,000,000 EMTN Programme available at [https://www.rns-pdf.londonstockexchange.com/rns/8466B\\_-2012-4-23.pdf](https://www.rns-pdf.londonstockexchange.com/rns/8466B_-2012-4-23.pdf);

- (xi) The section entitled “Terms and Conditions” on pages 48 to 87 of the Base Prospectus dated 7 June 2013 relating to the Lloyds TSB Bank plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/6095G\\_-2013-6-7.pdf](http://www.rns-pdf.londonstockexchange.com/rns/6095G_-2013-6-7.pdf);
- (xii) The section entitled “Terms and Conditions” on pages 56 to 92 of the Base Prospectus dated 7 April 2014 relating to the Lloyds Bank plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/3007E\\_-2014-4-8.pdf](http://www.rns-pdf.londonstockexchange.com/rns/3007E_-2014-4-8.pdf) ;
- (xiii) The section entitled “Terms and Conditions” on pages 58 to 94 of the Base Prospectus dated 9 April 2015 relating to the Lloyds Bank plc and Lloyds Banking Group plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/7915J\\_-2015-4-9.pdf](http://www.rns-pdf.londonstockexchange.com/rns/7915J_-2015-4-9.pdf) ;
- (xiv) The section entitled “Terms and Conditions” on pages 60 to 99 of the Base Prospectus dated 17 May 2016 relating to the Lloyds Bank plc and Lloyds Banking Group plc £50,000,000,000 EMTN Programme available at [http://www.rns-pdf.londonstockexchange.com/rns/6056Y\\_-2016-5-18.pdf](http://www.rns-pdf.londonstockexchange.com/rns/6056Y_-2016-5-18.pdf) ;
- (xv) The section entitled “Terms and Conditions” on pages 61 to 107 of the Base Prospectus dated 30 March 2017 relating to the Lloyds Bank plc £35,000,000,000 EMTN Programme available at [https://www.rns-pdf.londonstockexchange.com/rns/1959B\\_-2017-3-31.pdf](https://www.rns-pdf.londonstockexchange.com/rns/1959B_-2017-3-31.pdf);
- (xvi) The section entitled “Terms and Conditions” on pages 64 to 107 of the Base Prospectus dated 17 April 2018 relating to the Lloyds Bank plc £35,000,000,000 EMTN Programme available at [https://www.rns-pdf.londonstockexchange.com/rns/2432L\\_-2018-4-17.pdf](https://www.rns-pdf.londonstockexchange.com/rns/2432L_-2018-4-17.pdf); and
- (xvii) The section entitled “Terms and Conditions” on pages 62 to 111 of the Base Prospectus dated 8 May 2019 relating to the Lloyds Bank plc £35,000,000,000 EMTN Programme available at [https://www.rns-pdf.londonstockexchange.com/rns/4285Y\\_1-2019-5-8.pdf](https://www.rns-pdf.londonstockexchange.com/rns/4285Y_1-2019-5-8.pdf); and
- (xviii) The section entitled “Terms and Conditions” on pages 62 to 111 of the Base Prospectus dated 18 May 2020 relating to the Lloyds Bank plc £35,000,000,000 EMTN Programme available at [https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn\\_lb\\_prospectus\\_18may2020.pdf](https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/lloyds-bank-emtn/emtn_lb_prospectus_18may2020.pdf),

all of which have been previously published and filed with the FCA and which shall be deemed to be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus 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 be deemed, except as so modified or superseded, to constitute a part of this Prospectus. Any documents or information themselves incorporated by reference in, or cross-referred to in, the documents incorporated by reference in this Prospectus shall not form part of this Prospectus unless also separately incorporated by reference above. In each case, where only certain sections of a document referred to above are incorporated by reference in the Prospectus, the parts of the document which are not incorporated by reference are either not relevant to prospective investors in the Notes or are covered elsewhere in this Prospectus.

The Bank will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the documents which are incorporated in whole or in part by reference herein. Written or oral requests for such documents should be directed to the Bank at its principal office set out at the end of this Prospectus. Copies of all documents incorporated by reference in this Prospectus can also be viewed on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html](http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html).

The Bank will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included or incorporated by reference in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus (a “**Supplemental Prospectus**”) or publish a new prospectus for use in connection with any subsequent issue of Notes. The Bank has undertaken to the Dealers in the Programme Agreement (as defined in “*Subscription and Sale*”) that it will comply with Article 23 of the UK Prospectus Regulation.

## **PRESENTATION OF FINANCIAL INFORMATION**

In this Prospectus, references to the “**consolidated financial statements**” or “**financial statements**” are to Lloyds Bank Group’s consolidated financial statements included in the Bank’s 2020 Annual Report, unless indicated otherwise.

The consolidated financial statements of the Bank incorporated by reference within the Prospectus have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (IASB).



## OVERVIEW OF THE PROGRAMME

*This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference and the applicable Final Terms or Pricing Supplement.*

<b>Issuer</b>	Lloyds Bank plc
<b>Legal Entity Identifier (LEI) of the Bank:</b>	H7FNTJ4851HG0EXQ1Z70
<b>Website of the Bank:</b>	<a href="http://www.lloydsbankinggroup.com">www.lloydsbankinggroup.com</a>
<b>Business</b>	<p>Lloyds Bank plc (the “<b>Bank</b>” or “<b>Lloyds Bank</b>”) was incorporated in England and Wales on 20 April 1865 (Registration number 2065). The Bank’s registered office is at 25 Gresham Street, London EC2V 7HN. The Bank is a wholly owned subsidiary of Lloyds Banking Group plc (the “<b>Company</b>”).</p> <p>As at the date of this Prospectus, the Bank is the principal operating subsidiary of Lloyds Banking Group. The Bank and its subsidiary and associated undertakings (“<b>Lloyds Bank Group</b>”, “<b>Lloyds</b>” or the “<b>Group</b>”) is a leading provider of financial services to individual and business customers in the UK. As at the date of this Prospectus, its main business activities are retail and commercial banking.</p>
<b>Risks relating to the Lloyds Bank Group and the Notes</b>	<p>Investing in the Notes issued under the Programme involves certain risks. The principal risks that may affect the ability of the Bank to fulfil its obligations under the Notes are discussed under “<i>Risk Factors</i>” below.</p> <p><i>Investors should note that the risks that are stated to apply to “the Lloyds Bank Group” apply also to the Bank.</i></p>
<b>Description</b>	Euro Medium Term Note Programme.
<b>Size</b>	Up to £35,000,000,000 (or the equivalent in other currencies at the date of issue).
<b>Arranger</b>	Merrill Lynch International
<b>Co-arranger</b>	Lloyds Bank Corporate Markets plc
<b>Dealers</b>	<p>Barclays Bank PLC</p> <p>BNP Paribas</p> <p>Citigroup Global Markets Europe AG</p> <p>Citigroup Global Markets Limited</p> <p>Commerzbank Aktiengesellschaft</p> <p>Crédit Agricole Corporate and Investment Bank</p> <p>Credit Suisse International</p> <p>Daiwa Capital Markets Europe Limited</p> <p>Deutsche Bank AG, London Branch</p> <p>DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main</p> <p>Goldman Sachs International</p>

	<p>           HSBC Bank plc            J.P. Morgan Securities plc            Lloyds Bank Corporate Markets plc            Merrill Lynch International            Mizuho International plc            Morgan Stanley &amp; Co. International plc            NatWest Markets Plc            Nomura International plc            RBC Europe Limited            SMBC Nikko Capital Markets Limited            Standard Chartered Bank            UBS AG London Branch            UniCredit Bank AG            Wells Fargo Securities International Limited         </p> <p>(together, the <b>“Dealers”</b>). The Bank may terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or the Programme.</p>
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c.
<b>Issuing and Paying Agent</b>	Citibank, N.A., London Branch and, in respect of CMU Notes only, Citicorp International Limited
<b>CMU Lodging Agent</b>	Citicorp International Limited
<b>Method of Issue</b>	<p>The Notes will be issued on a syndicated or non-syndicated basis and will be issued in series (each, a <b>“Series”</b>) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each, a <b>“Tranche”</b>) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in the relevant final terms (each, a <b>“Final Terms”</b>) or the relevant pricing supplement document (each, a <b>“Pricing Supplement”</b>).</p>
<b>Issue Price</b>	Notes may be issued at their nominal amount or at a discount or premium thereto.
<b>Form of Notes</b>	<p>The Notes may be issued in bearer form only (<b>“Bearer Notes”</b>) represented by a Global Note, in bearer form exchangeable for Registered Notes (<b>“Exchangeable Bearer Notes”</b>) or in registered form only (<b>“Registered Notes”</b>) represented by a Global Certificate.</p> <p>In respect of CDIs, to the extent applicable, CDI Holders will hold CDIs constituted and issued by the CREST Depository and representing indirect interests in the Notes. The CDIs will be issued and settled through CREST.</p>

Neither the Notes nor any rights thereto will be issued, held, transferred or settled within the CREST system otherwise than through the issue, holding, transfer and settlement of CDIs.

CDI Holders will not be entitled to deal directly in the Notes and accordingly all dealings in the Notes will be effected through CREST in relation to the holding of CDIs.

**Clearing Systems**

With respect to Notes (other than CMU Notes), Clearstream, Luxembourg, Euroclear and such other clearing system as agreed between the Bank, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s). With respect to CMU Notes, the CMU Service operated by the Hong Kong Monetary Authority (the “HKMA”). With respect to CDIs, to the extent applicable, CREST.

**Initial Delivery of Notes**

On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Global Certificate is held under the NSS, the Global Note or Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Global Certificate representing Registered Notes may be (a) deposited with a common depositary for Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA. Global Notes or Global Certificates may also be deposited with any other clearing system or delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Bank, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).

Registered Notes will initially be represented by a Global Certificate, which, if not held under the NSS, will be deposited on the issue date of the relevant Tranche either with (a) a common depositary on behalf of Euroclear and Clearstream, Luxembourg or (b) in respect of CMU Notes, a sub-custodian for the CMU Service operated by the HKMA or (c) any other agreed clearing system.

**Currencies**

Subject to compliance with all relevant laws, regulations and directives, any currency agreed between the Bank and the relevant Dealer(s).

**Maturities**

Subject to compliance with all relevant laws, regulations and directives, any maturity.

**Denomination**

Definitive Notes will be in such denominations as agreed between the Bank and the relevant Dealer and as specified in the applicable Final Terms or Pricing Supplement save that the minimum denomination of each Note shall be at least the greater of (i) €100,000 (or its equivalent in another currency as at the date of issue of the Notes) or (ii) the minimum amount allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency.

<b>Fixed Rate Notes</b>	Fixed Rate Notes will bear interest at the rate specified in the applicable Final Terms or Pricing Supplement, such interest being payable in arrear on the date(s) in each year specified in the applicable Final Terms or Pricing Supplement.
<b>Fixed Rate Reset Notes</b>	Fixed Rate Reset Notes will bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on certain dates and by reference to a mid-market swap rate or to one or more treasury rates, as adjusted for any applicable margin, in each case as may be specified in the applicable Final Terms or Pricing Supplement, such interest being payable in arrear on the date(s) in each year specified in the applicable Final Terms or Pricing Supplement.
<b>Floating Rate Notes</b>	<p>Floating Rate Notes will bear interest as follows:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the ISDA Definitions (as defined in “<i>Terms and Conditions of the Notes</i>”); or</li> <li>(ii) by reference to EURIBOR, BBSW, CDOR, €STR, SOFR, SONIA, SARON, NIBOR, SONIA Compounded Index, SOFR Compounded Index or SARON Compounded Index, as adjusted for any applicable margin.</li> </ul> <p>Floating Rate Notes may also have a maximum interest rate and/or a minimum interest rate.</p>
<b>Zero Coupon Notes</b>	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than after the Maturity Date.
<b>Redemption</b>	The applicable Final Terms or Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified circumstances) or that such Notes will be redeemable at the option of the Bank and/or the Noteholders upon giving notice to the Noteholders or the Bank, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be specified in the applicable Final Terms or Pricing Supplement and/or any drawdown prospectus.
<b>Status of Notes</b>	Notes will constitute unsecured and unsubordinated obligations of the Bank.
<b>Early Redemption</b>	Except as provided in “Redemption” above, Notes will be redeemable at the option of the Bank prior to maturity upon the occurrence of a Tax Event (as defined in “ <i>Terms and Conditions of the Notes</i> ”).
<b>Remedies for Non-Payment</b>	The Notes do not provide for acceleration following non-payment of interest other than in a winding-up of the Bank.
<b>Withholding Tax</b>	All payments of principal and interest (if any) in respect of the Notes will be made without withholding or deduction for, or on account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event such withholding or deduction is made, additional amounts may

	<p>be payable by the Bank, subject to certain exceptions as more fully described in Condition 7.</p>
<b>Governing Law</b>	<p>The Notes, and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and construed in accordance with, English law.</p>
<b>Listing and Admission to Trading</b>	<p>Application has been made to list Notes (other than PR Exempt Notes) issued under the Programme on the Official List and to admit them to trading on the Market and references to listing shall be construed accordingly. Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the ISM of the London Stock Exchange. The Programme also provides that PR Exempt Notes may be unlisted and/or may be admitted to trading on another market or stock exchange (which is not a UK MiFIR regulated market), as set out in the applicable Pricing Supplement.</p>
<b>Ratings</b>	<p>S&amp;P is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more “A+”; and Notes issued by the Bank under the Programme with a maturity of less than one year “A-1”.</p> <p>Fitch is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more “A+”; and Notes issued by the Bank under the Programme with a maturity of less than one year “F1”.</p> <p>Moody’s is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more “A1”; and Notes issued by the Bank under the Programme with a maturity of less than one year “P-1”.</p> <p>The credit ratings referred to and included in this Prospectus have been issued by S&amp;P, Fitch and Moody’s. Each of S&amp;P, Fitch and Moody’s is established in the UK and is registered under the UK CRA Regulation.</p> <p>Tranches of Notes (as defined in “Overview of the Programme – Method of Issue”) to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the applicable Final Terms or Pricing Supplement. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
<b>Selling Restrictions</b>	<p>United States, Prohibition of Sales to EEA Retail Investors, Prohibition of Sales to UK Retail Investors, Switzerland, the UK and all jurisdictions listed in “<i>Selling Restrictions</i>”. Other restrictions may be required in connection with a particular issue of Notes. The Bank is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Bearer Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form as such rules for purposes of section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the “<b>Code</b>”)) (“<b>TEFRA D</b>”) unless (i) the applicable Final</p>

Terms or Pricing Supplement state, or states, as the case may be, that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form as such rules for purposes of section 4701 of the Code) (“**TEFRA C**”) or (ii) the Notes are issued other than in compliance with TEFRA D or TEFRA C but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”), which circumstances will be referred to in the applicable Final Terms or Pricing Supplement as a transaction to which TEFRA is not applicable.

## RISK FACTORS

*The Bank believes that the following factors may affect its ability to fulfil its obligations under the Notes issued under the Programme and confirms that the risks that are stated to apply to “the Lloyds Bank Group” below apply also to the Bank. All of these factors are contingencies which may or may not occur. Factors which the Bank believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme in relation to the Lloyds Bank Group are also described below.*

*The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Bank to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Bank does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective purchasers should consider carefully the risks and uncertainties described below, together with all other information contained in this Prospectus and the information incorporated by reference herein before making any investment decision.*

### **Economic and Financial Risks**

#### **1. Lloyds Bank Group’s businesses are subject to inherent and indirect risks arising from general macroeconomic conditions in the UK in particular, but also in the Eurozone, the U.S., Asia and globally**

Lloyds Bank Group’s businesses are subject to inherent and indirect risks arising from general and sector-specific economic conditions in the markets in which it operates, particularly the UK, where Lloyds Bank Group’s earnings are predominantly generated, and its operations are increasingly concentrated following the strategic reduction of its international presence. Whilst Lloyds Bank Group’s revenues are predominantly generated in the UK, Lloyds Bank Group does have some credit exposure in countries outside the UK even if it does not have a presence in such countries. Any further significant macroeconomic deterioration in the UK and/or other economies as a result of the COVID-19 pandemic, or otherwise could lead to increased unemployment, reduced corporate profitability, reduced personal income levels, inflationary pressures, including those arising from sterling’s depreciation, reduced UK Government and/or consumer expenditure, increased corporate, small and medium-sized enterprises (“SME”) or personal insolvency rates, increased tax rates, borrowers’ reduced ability to repay loans, increased tenant defaults, fluctuations in commodity prices and changes in foreign exchange rates, which could have a material adverse effect on the results of operations, financial condition or prospects of Lloyds Bank Group.

The effects on the UK, European and global economies following the UK’s exit from the EU and the impact of the EU-UK Trade and Cooperation Agreement signed on 30 December 2020 (the “EU-UK TCA”) remain difficult to predict but may include economic and financial instability in the UK, Europe and the global economy, constitutional instability in the UK (including the possibility of a further Scottish independence referendum and a decision in favour of Scotland leaving the Union with the rest of the UK) and the other types of risks described in “Regulatory and Legal Risks — Legal and regulatory risk arising from the UK’s exit from the EU could adversely impact Lloyds Bank Group’s business, operations, financial condition and prospects”. In the event of any further substantial weakening in the UK’s economic growth, the possibility of decreases in interest rates by the Bank of England or sustained low or negative interest rates would put further pressure on Lloyds Bank Group’s interest margins and potentially adversely affect its profitability and prospects. Furthermore, such market conditions may also result in an increase in Lloyds Bank Group’s pension deficit.

In the Eurozone, the economic outlook is also uncertain. High levels of private and public debt, continued weakness in the financial sector and reform fatigue remain a concern. Conversely, further monetary policy stimulus from the European Central Bank could undermine financial stability by encouraging a further build-

up of unsustainable debt. In addition, political uncertainty in the Eurozone, and fragmentation risk in the EU, could create financial instability and have a negative impact on the Eurozone and global economies. Any default on the sovereign debt of a Eurozone country and the resulting impact on other Eurozone countries, including the potential that some countries could leave the Eurozone, could materially affect the capital and the funding position of participants in the banking industry, including Lloyds Bank Group.

Moreover, the effects on the UK, European and global economies of the exit of one or more EU member states from the Economic and Monetary Union, or the redenomination of financial instruments from the Euro to a different currency, are extremely uncertain and very difficult to predict and protect fully against in view of: (i) the potential for economic and financial instability in the Eurozone and possibly in the UK; (ii) the lasting impact on governments' financial positions of the global financial crisis and the COVID-19 pandemic; (iii) the uncertain legal position; and (iv) the fact that many of the risks related to the business are totally, or in part, outside the control of Lloyds Bank Group. If any such events were to occur, they may result in: (a) significant market dislocation; (b) heightened counterparty risk; (c) an adverse effect on the management of market risk and, in particular, asset and liability management due, in part, to redenomination of financial assets and liabilities; (d) an indirect risk of counterparty failure; or (e) further political uncertainty in the UK or other countries, any of which could have a material adverse effect on the results of operations, financial condition or prospects of Lloyds Bank Group. U.S. economic policies may have an adverse effect on both U.S. and global growth as well as global trade prospects. In addition, concerns remain around the impact of increased tariffs on trade between the U.S. and other nations including China, Canada and the EU. The potential for escalation of trade disputes and any retaliatory actions taken may adversely impact the global economic outlook.

Macroeconomic uncertainty in emerging markets in the wake of the COVID-19 pandemic, in particular the slowdown of international trade and industrial production, as well as the high and growing level of debt in China may be exacerbated by attempts to de-risk its highly leveraged economy, or a devaluation of the Renminbi. External debt levels are higher now in emerging markets than before the global financial crisis, which could lead to higher levels of defaults and non-performing loans.

Any adverse changes affecting the economies of the countries in which the Lloyds Bank Group has significant direct and indirect credit exposures and any further deterioration in global macroeconomic conditions, including as a result of geopolitical events, global health issues, including the COVID-19 pandemic (see "*Economic and Financial Risks- Lloyds Bank Group's businesses are subject to risks relating to the COVID -19 pandemic*") or acts of war or terrorism, could have a material adverse effect on Lloyds Bank Group's results of operations, financial condition or prospects.

## **2. Lloyds Bank Group's businesses are subject to risks relating to the COVID-19 pandemic**

The global pandemic from the outbreak of COVID-19 continues to cause widespread disruption to normal patterns of business activity across the world, including in the UK, and volatility in financial markets. Measures taken to contain the health impact of the COVID-19 pandemic have resulted in an adverse impact on economic activity across the world and the duration of these measures remains uncertain. Monetary policy loosening has supported asset valuations across many financial markets, but longer-term impacts on consumer demand and behaviours, inflation, interest rates, credit spreads, foreign exchange rates and commodity, equity and bond prices remain unclear.

Emergency measures to slow the spread of COVID-19 across the world have brought about rapid deterioration in economic growth across all countries and regions, directly adversely impacting the UK through many channels, including trade and capital flows. The recession is likely to have a lasting negative impact on future path of global GDP, through its impact on human and physical capital accumulation, and supply chain disruption. The UK experienced a deep contraction in economic activity during 2020 as a result of the COVID-



19 pandemic, and both private and public sector debt have risen significantly. If the economic downturn damage were to be prolonged significantly by inability to control COVID-19 spread with vaccines, public finances would likely continue to deteriorate and could result in a sovereign downgrade that could also impact the credit ratings of Lloyds Bank Group. Rating downgrades could have a material adverse impact on Lloyds Bank Group's ability to raise funding in the wholesale markets (see *"Economic and Financial Risks - A reduction in Lloyds Bank Group's longer-term credit rating could materially adversely affect Lloyds Bank Group's results of operations, financial condition or prospects"*).

Further, the economic impact of the COVID-19 pandemic, including increased levels of unemployment, corporate insolvencies and business failures could adversely impact Lloyds Bank Group's retail or corporate customers and their ability to service their contractual obligations, including to Lloyds Bank Group. Adverse changes in the credit quality of Lloyds Bank Group's borrowers and counterparties or collateral held in support of exposures, or in their behaviour, may reduce the value of Lloyds Bank Group's assets and materially increase Lloyds Bank Group's write-downs and allowances for impairment losses. This could have a material adverse effect on Lloyds Bank Group's results of operations, financial condition or prospects.

As a result of recent monetary policy actions, interest rates have declined substantially and financial markets are applying an increased probability to a wider use of unconventional policy tools such as negative interest rates. In many countries, interest rates have already turned negative or are very close to zero and governments, are borrowing at negative yields. If negative interest rates were to be applied in the UK and U.S., they could have an adverse impact on Lloyds Bank Group's net income and profitability.

The effect of the COVID-19 pandemic on emerging markets increases the risks already identified from the slowdown of growth and trade, with limited capacity to respond effectively to the crisis impacting growth and potentially increasing the risk of default on debt.

Governments, central banks and regulators across the world are taking significant action to address this economic impact, which led to a deep recession in the UK and globally. Governments are likely to be judged for their policy responses and success in vaccine rollouts, which could result in political upheaval and destabilise governments and political movements even after the pandemic has passed. There is also the possibility that vaccines are not as effective as expected against current or future strains of coronavirus, which could result in significantly extended lockdowns or restrictions. In addition to providing support under government support schemes, Lloyds Bank Group has taken specific measures to alleviate the impact on Lloyds Bank Group's customers or borrowers, including payment holidays which, taken together with lower interest rates and restrictions on fees associated with certain products, may have an adverse impact on Lloyds Bank Group's results of operations, financial conditions or prospects. Additionally, although the UK Government and the Bank of England have provided certain guarantees to banks relating to lending schemes that have been initiated to support businesses through the current COVID-19 pandemic, there is a risk that in some circumstances Lloyds Bank Group may not be able to claim under the guarantees, or the claim may be rejected, if, for example, it later transpires that all terms and conditions under the relevant guarantee scheme were not met when the lending was originated.

As a result of the COVID-19 pandemic, the potential for conduct and compliance risks (see *"Business and Operational Risks - Lloyds Bank Group is exposed to conduct risk"*) as well as operational risks materialising has increased, notably in the areas of cyber, fraud, people, technology, operational resilience and where there is reliance on third-party suppliers. In addition to the key operational risks, new risks are likely to arise as Lloyds Bank Group may need to change its ways of working whilst managing any instances of COVID-19 among its employees and locations to ensure continuity and support to colleagues and customers.

Any and all such events described above could have a material adverse effect on Lloyds Bank Group's business, financial condition, results of operations, prospects, liquidity, capital position and credit ratings (including potential changes of outlooks or ratings), as well as on its customers, borrowers, counterparties, employees and suppliers.

**3. Lloyds Bank Group's businesses are subject to inherent risks concerning borrower and counterparty credit quality which have affected and may adversely impact the recoverability and value of assets on Lloyds Bank Group's balance sheet**

Lloyds Bank Group has exposures to many different products, counterparties, obligors and other contractual relationships and the credit quality of its exposures can have a significant impact on its earnings. Credit risk exposures are categorised as either "retail" or "corporate" and reflect the risks inherent in Lloyds Bank Group's lending and lending-related activities.

Adverse changes in the credit quality of Lloyds Bank Group's UK and/or international borrowers and counterparties or collateral held in support of exposures, or in their behaviour or businesses, may reduce the value of Lloyds Bank Group's assets and materially increase its write-downs and allowances for impairment losses. Credit risk can be affected by a range of factors outside Lloyds Bank Group's control, which include but are not limited to an adverse economic environment, the effect of the UK's withdrawal from the EU and the operation of the EU-UK TCA, reduced UK and global consumer and/or government spending and benefits, inflation, changes in the credit rating of individual counterparties, the debt levels of individual contractual counterparties, increased unemployment or reduced income, reduced asset values, increased personal or corporate insolvency levels, falling stock and bond/other financial markets, reduced corporate profits, over-indebtedness, changes in interest rates or foreign exchange rates, counterparty challenges to the interpretation or validity of contractual arrangements, an increase in credit spreads, changes to insolvency regimes which make it harder to enforce against counterparties, changes in consumer and customer demands and requirements, negative reputational impact or direct campaigns which adversely impact customers, industries or sectors and any external factors of a political, legislative, environmental or regulatory nature, including changes in accounting rules and changes to tax legislation and rates, some of which are materially heightened by the current COVID-19 pandemic.

In particular, Lloyds Bank Group has exposure to concentration risk where its business activities focus particularly on a single obligor, related/connected group of obligors or a similar type of customer (borrower, sovereign, financial institution or central counterparty), product, industrial sector or geographic location, including the UK.

Lloyds Bank Group's credit exposure includes residential mortgage lending (in the UK and, to a lesser extent, the Netherlands) and commercial real estate lending, including lending secured against secondary and tertiary commercial property assets in the UK. As a result, decreases in residential or commercial property values, reduced rental payments and/or increases in tenant defaults are likely to lead to higher impairment charges, which could materially affect Lloyds Bank Group's results of operations, financial condition or prospects. The COVID-19 pandemic initially led to some uncertainty in asset valuations and, whilst this may persist for some time, policy support and a sharp rise in accumulated private sector savings may be contributing to unsustainable asset valuation growth in some markets. A rapid recovery could intensify this growth, particularly in the real estate sector, subsequent revaluations of which could have potentially negative consequences to the Lloyds Bank Group. Additionally, COVID-19 has led to, and may lead to as yet unknown, structural changes in the risk profile of a number of counterparties and/or of sectors, including but not limited to commercial real estate, retail, hospitality, leisure and transportation, driven largely by evolving changes in consumer behaviour, working patterns, supply chains, government policy and infrastructure. Lloyds Bank Group also has significant credit exposure to certain individual counterparties in higher risk and cyclical asset

classes and sectors (such as commercial real estate, financial intermediation, manufacturing, leveraged lending, oil and gas and related sectors, hotels, commodities trading, automotive and related sectors, construction, agriculture, consumer-related sectors (such as retail, passenger transport and leisure), house builders and outsourcing services). Lloyds Bank Group's retail customer portfolios will remain strongly linked to the UK economic environment, with house price deterioration, unemployment increases, inflationary pressures, consumer over-indebtedness and prolonged low or rising interest rates among the factors that may impact secured and unsecured retail credit exposures. Deterioration in used vehicle prices, including as a result of changing consumer demand, could result in increased provisions and/or losses and/or accelerated depreciation charges.

Lloyds Bank Group's corporate lending portfolio also contains substantial exposure to large and mid-sized, public and private companies. In addition to exposures to sectors that have experienced cyclical weakness in recent years, the portfolio also contains exposures in key coronavirus impacted sectors, most notably consumer facing sectors such as travel, transportation, non-essential retail and hospitality. These exposures along with a historic strategy of taking large single name concentrations to non-listed companies and entrepreneurs, and taking exposure at various levels of the capital structure, may give rise to single name concentration and risk capital exposure. Lloyds Bank Group's corporate portfolios are also susceptible to "fallen angel" risk, that is, the probability of significant default increases following material unexpected events, and to risks related to the impact of the COVID-19 pandemic, resulting in the potential for large losses. As in the UK, Lloyds Bank Group's lending business overseas is also exposed to a small number of long-term customer relationships and these single name concentrations place Lloyds Bank Group at risk of loss should default occur. Any disruption to the liquidity or transparency of the financial markets may result in Lloyds Bank Group's inability to sell or syndicate securities, loans or other instruments or positions held (including through underwriting), thereby leading to concentrations in these positions. These concentrations could expose Lloyds Bank Group to losses if the mark-to-market value of the securities, loans or other instruments or positions declines causing Lloyds Bank Group to take write-downs. Moreover, the inability to reduce Lloyds Bank Group's positions not only increases the market and credit risks associated with such positions, but also increases the level of risk-weighted assets on Lloyds Bank Group's balance sheet, thereby increasing its capital requirements and funding costs, all of which could materially adversely affect Lloyds Bank Group's results of operations, financial condition or prospects.

Providing support to customers under the COVID-19 government schemes means Lloyds Bank Group has extended its lending risk appetite in line with the various scheme guidelines during the crisis and, despite the protection offered by the UK Government's or by the Bank of England's guarantees, as applicable, in respect of the schemes, this may lead to additional losses.

With the exception of COVID-19 related payment holidays to retail customers and lending provided through certain government support schemes, including the Bounce Back Loan Scheme (which provides support of up to £50,000 for smaller businesses), in respect of which no credit assessment was undertaken, all lending decisions, and decisions related to other exposures (including, but not limited to, undrawn commitments, derivative, equity, contingent and/or settlement risks), are dependent on Lloyds Bank Group's assessment of each customer's ability to repay and the value of any underlying security. Such assessments may also take into account future forecasts, which may be less reliable due to the uncertainty of their likely accuracy and probability as a result of the impact of the COVID-19 pandemic. There is an inherent risk that Lloyds Bank Group has incorrectly assessed the credit quality and/or the ability or willingness of borrowers to repay, possibly as a result of incomplete or inaccurate disclosure by those borrowers or as a result of the inherent uncertainty that is involved in the exercise of constructing and using models to estimate the risk of lending to counterparties.

In addition, observed credit quality of the portfolios is likely to be influenced by the significant temporary support provided in light of the COVID-19 pandemic, including government lending schemes, payment holidays and furlough arrangements, which have the potential to distort underlying credit risks in the portfolio and may lead to increases in arrears and/or defaults which remain unidentified. This may result in additional impairment charges if the forward looking economic scenarios used to raise expected credit loss allowances have not adequately captured the impact of the withdrawal of the temporary support measures.

Repayments on government lending scheme loans commenced from the second quarter of 2021. However, Bounce Back Loans benefit from Pay As You Grow options which may materially delay repayments through, for example, extended payment holidays and has the potential to delay recognition of customer financial difficulties.

**4. Lloyds Bank Group's businesses are subject to inherent risks concerning liquidity and funding, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale funding markets becomes more limited**

Liquidity and funding continues to remain a key area of focus for Lloyds Bank Group and the industry as a whole. Like all major banks, Lloyds Bank Group is dependent on confidence in the short and long-term wholesale funding markets. Lloyds Bank Group relies on customer savings and transmission balances, as well as ongoing access to the global wholesale funding markets to meet its funding needs. The ability of Lloyds Bank Group to gain access to wholesale and retail funding sources on satisfactory economic terms is subject to a number of factors outside its control, such as liquidity constraints, general market conditions, regulatory requirements, the encouraged or mandated repatriation of deposits by foreign wholesale or central bank depositors and the level of confidence in the UK banking system.

Lloyds Bank Group's profitability or solvency could be adversely affected if access to liquidity and funding is constrained, made more expensive for a prolonged period of time or if Lloyds Bank Group experiences an unusually high and unforeseen level of withdrawals. In such circumstances, Lloyds Bank Group may not be in a position to continue to operate or meet its regulatory minimum liquidity requirements without additional funding support, which it may be unable to access (including government and central bank facilities).

Lloyds Bank Group is also subject to the risk of deterioration of the commercial soundness and/or perceived soundness of other financial services institutions within and outside the UK. Financial services institutions that deal with each other are interrelated as a result of trading, investment, clearing, counterparty and other relationships. This presents systemic risk and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which Lloyds Bank Group interacts on a daily basis, any of which could have a material adverse effect on Lloyds Bank Group's ability to raise new funding. A default by, or even concerns about the financial resilience of, one or more financial services institutions could lead to further significant systemic liquidity problems, or losses or defaults by other financial institutions, which could have a material adverse effect on Lloyds Bank Group's results of operations, financial condition or prospects.

Corporate and institutional counterparties may also seek to reduce aggregate credit exposures to Lloyds Bank Group (or to all banks) which could increase Lloyds Bank Group's cost of funding and limit its access to liquidity. The funding structure employed by Lloyds Bank Group may also prove to be inefficient, thus giving rise to a level of funding cost where the cumulative costs are not sustainable over the longer term.

In addition, medium-term growth in Lloyds Bank Group's lending activities will rely, in part, on the availability of retail deposit funding on appropriate terms, which is dependent on a variety of factors outside Lloyds Bank Group's control, such as general macroeconomic conditions and market volatility, the confidence of retail depositors in the economy, the financial services industry and Lloyds Bank Group, as well as the

availability and extent of deposit guarantees. Increases in the cost of retail deposit funding will impact on Lloyds Bank Group's margins and affect profit, and a lack of availability of retail deposit funding could have a material adverse effect on its future growth. Any loss in consumer confidence in Lloyds Bank Group could significantly increase the amount of retail deposit withdrawals in a short period of time. See *"Economic and Financial Risks – Lloyds Bank Group's businesses are subject to inherent and indirect risks arising from general macroeconomic conditions in the UK in particular, but also in the Eurozone, the U.S., Asia and globally"*.

Lloyds Bank Group makes use of central bank funding schemes such as the Bank of England's Term Funding Scheme with additional incentives for SMEs. Following the closure of this scheme in 2021, Lloyds Bank Group will have to replace matured central bank scheme funding, which could cause an increased dependence on term funding issuances. If the wholesale funding markets were to suffer stress or central bank provision of liquidity to the financial markets is abruptly curtailed, or Lloyds Bank Group's credit ratings are downgraded, it is likely that wholesale funding will prove more difficult to obtain.

Any of the refinancing or liquidity risks mentioned above, in isolation or in concert, could have a material adverse effect on Lloyds Bank Group's results or operations and its ability to meet its financial obligations as they fall due.

**5. A reduction in Lloyds Bank Group's longer-term credit rating could materially adversely affect Lloyds Bank Group's results of operations, financial condition or prospects**

Rating agencies regularly evaluate Lloyds Bank Group and the Company, and their ratings of longer-term debt are based on a number of factors which can change over time, including Lloyds Bank Group's financial strength as well as factors not entirely within its control, including conditions affecting the financial services industry generally, and the legal and regulatory frameworks affecting its legal structure, business activities and the rights of its creditors. In light of the difficulties in the financial services industry and the financial markets, there can be no assurance that Lloyds Bank Group or the Company will maintain their current ratings. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an 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 an issuer and/or its securities. Downgrades of Lloyds Bank Group's longer-term credit rating could lead to additional collateral posting and cash outflow, significantly increase its borrowing costs, limit its issuance capacity in the capital markets and weaken Lloyds Bank Group's competitive position in certain markets.

**6. Lloyds Bank Group's businesses are inherently subject to the risk of market fluctuations, which could have a material adverse effect on the results of operations, financial condition or prospects of Lloyds Bank Group**

Lloyds Bank Group's businesses are inherently subject to risks in financial markets including changes in, and increased volatility of, interest rates, inflation rates, credit spreads, foreign exchange rates, commodity, equity, bond and property prices and the risk that its customers act in a manner which is inconsistent with Lloyds Bank Group's business, pricing and hedging assumptions. Movements in these markets will continue to have a significant impact on Lloyds Bank Group in a number of key areas.

For example, adverse market movements have had, and will likely continue to have, an adverse effect upon the financial condition of the defined benefit pension schemes of Lloyds Bank Group. The schemes' main exposures are to real rate risk and credit spread risk. These risks arise from two main sources: the "AA" corporate bond liability discount rate and asset holdings.

In addition, Lloyds Bank Group's banking and trading activities are also subject to market movements. For example, changes in interest rate levels, interbank margins over official rates, yield curves and spreads affect the interest rate margin realised between lending and borrowing costs. The potential for future volatility and margin changes remains. Competitive pressures on fixed rates or product terms in existing loans and deposits may restrict Lloyds Bank Group in its ability to change interest rates applying to customers in response to changes in official and wholesale market rates.

Changes in foreign exchange rates, including with respect to the U.S. dollar and the Euro, may also have a material adverse effect on Lloyds Bank Group's financial position and/or forecasted earnings.

**7. Market conditions have resulted, and are expected to result in the future, in material changes to the estimated fair values of financial assets of Lloyds Bank Group, including negative fair value adjustments**

Lloyds Bank Group has exposures to securities, derivatives and other investments, including asset-backed securities, structured investments and private equity investments that are recorded by Lloyds Bank Group at fair value, which may be subject to further negative fair value adjustments in view of the volatile global markets and challenging economic environment, including as a result of the COVID-19 pandemic. See also "*Economic and Financial Risks – Lloyds Bank Group's businesses are subject to risks relating to the COVID-19 pandemic*".

In volatile markets, hedging and other risk management strategies (including collateralisation and the purchase of credit default swaps) may not be as effective as they are in normal market conditions, due in part to the decreasing credit quality of hedge counterparties, and general illiquidity in the markets within which transactions are executed.

In circumstances where fair values are determined using financial valuation models, Lloyds Bank Group's valuation methodologies may require it to make assumptions, judgements and estimates in order to establish fair value. These valuation models are complex and the assumptions used are difficult to make and are inherently uncertain. This uncertainty may be amplified during periods of market volatility and illiquidity. Any consequential impairments, write-downs or adjustments could have a material adverse effect on Lloyds Bank Group's results of operations, capital ratios, financial condition or prospects.

Any of these factors could cause the value ultimately realised by Lloyds Bank Group for its securities and other investments to be lower than their current fair value or require Lloyds Bank Group to record further negative fair value adjustments, which may have a material adverse effect on its results of operations, financial condition or prospects.

**8. Any tightening of monetary policy in jurisdictions in which Lloyds Bank Group operates could affect the financial condition of its customers, clients and counterparties, including governments and other financial institutions**

Quantitative easing measures implemented by major central banks, adopted alongside record low interest rates to support recovery from the global financial crisis and, more recently, the COVID-19 pandemic, have helped loosen financial conditions and reduced borrowing costs. These measures may have supported liquidity and valuations for asset classes that are vulnerable to rapid price corrections as financial conditions tighten, potentially causing losses to investors and increasing the risk of default on Lloyds Bank Group's exposure to these sectors.

Monetary policy in the UK and in the markets in which Lloyds Bank Group operates has been highly accommodative in recent years and even more so as a result of the COVID-19 pandemic, however, there remains considerable uncertainty as to the direction of interest rates and the pace of change, as set by the Bank of England and other major central banks. In the UK, monetary policy has further been supported by the Bank of England and HM Treasury "Funding for Lending" scheme (which closed in January 2018), the "Help to Buy"

scheme (which closed in November 2019), the “Term Funding Scheme” (which closed in February 2018) and the purchase of corporate bonds in the UK. In response to the COVID-19 pandemic, the UK Government and the Bank of England have adopted a series of financial measures to help offset the economic disruption caused by efforts to contain the spread of the virus. These include a package of government-backed and guaranteed loans to support businesses, announced on 17 March 2020, and which made available an initial £330 billion of guarantees (equivalent to approximately 15 per cent. of the UK’s current GDP). These included a joint HM Treasury and Bank of England lending facility, the Covid Corporate Financing Facility (CCFF), designed to support liquidity among larger firms, as well as the Coronavirus Business Interruption Loan Scheme (CBILS) for small and medium-sized enterprises run by the British Business Bank. Further support has been provided through the Coronavirus Large Business Interruption Loan Scheme (CLBILS) and the Bounce Back Loans Scheme (BBLs). Further measures may be introduced depending on the length and severity of the crisis. However, such a long period of stimulus and support has increased uncertainty over the impact of its future reduction, which could lead to a risk of higher borrowing costs in wholesale markets, higher interest rates for retail borrowers, generally weaker than expected growth, or even contracting GDP, reduced business and consumer confidence, higher levels of unemployment or underemployment, adverse changes to levels of inflation and falling property prices in the markets in which Lloyds Bank Group operates, and consequently to an increase in delinquency rates and default rates among its customers. Similar risks result from the low level of inflation in developed economies which, in Europe particularly, could deteriorate into sustained deflation if policy measures prove ineffective and economic growth weakens. Reduced monetary stimulus and the actions and commercial soundness of other financial institutions have the potential to impact market liquidity. The adverse impact on the credit quality of Lloyds Bank Group’s customers and counterparties, coupled with a decline in collateral values, could lead to a reduction in recoverability and value of Lloyds Bank Group’s assets and higher levels of expected credit loss allowances, which could have an adverse effect on its operations, financial condition or prospects.

**9. Lloyds Bank Group’s defined benefit pension schemes are subject to longevity risks**

Lloyds Bank Group’s defined benefit pension schemes are exposed to longevity risk. Increases in life expectancy (longevity) beyond current allowances will increase the period over which pension scheme benefits are paid and may adversely affect Lloyds Bank Group’s financial condition and results of operations.

**10. Lloyds Bank Group may be required to record Credit Value Adjustments, Funding Value Adjustments and Debit Value Adjustments on its derivative portfolio, which could have a material adverse effect on its results of operations, financial condition or prospects**

Lloyds Bank Group continually seeks to limit and manage counterparty credit risk exposure to market counterparties. Credit Value Adjustment (“CVA”) and Funding Value Adjustment (“FVA”) reserves are held against uncollateralised derivative exposures and a risk management framework is in place to mitigate the impact on income of reserve value changes. CVA is an expected loss calculation that incorporates current market factors including counterparty credit spreads. FVA reserves are held to capitalise the cost of funding uncollateralised derivative exposures. Lloyds Bank Group also calculates a Debit Value Adjustment to reflect own credit spread risk as part of the fair value of derivative liabilities.

Deterioration in the creditworthiness of financial counterparties, or large adverse financial market movements, could impact the size of CVA and FVA reserves and result in a material charge to Lloyds Bank Group’s profit and loss account which could have a material adverse effect on its results of operations, financial condition or prospects.

## **11. Lloyds Bank Group is exposed to risks related to the uncertainty surrounding the integrity and continued existence of reference rates**

Reference rates and indices, including interest rate benchmarks, such as the London Interbank Offered Rate (“**LIBOR**”) and the Euro Interbank Offered Rate (“**EURIBOR**”), which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, the progressive transition of existing and future activity to reference different rates and indices, with further changes anticipated.

On 5 March 2021, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors. Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30 June 2023 for certain other US Dollar LIBOR settings. The statement specified that in relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings and immediately after 30 June 2023, in the case of the US Dollar LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

Furthermore, the UK has recently passed the Financial Services Act 2021. The new legislation provides a framework to enable the FCA to take action where it has determined that a critical benchmark is at risk of becoming unrepresentative, or has become unrepresentative, and that its representativeness cannot reasonably be maintained or restored (including for the benefit of the so-called ‘tough legacy’ contracts). FCA is currently consulting on whether to use its powers to compel the ICE Benchmark Administration to publish certain settings of LIBOR under a changed methodology, so-called ‘synthetic LIBOR’. Similar to the UK, both the New York State legislature and the EU have passed legislation with respect to tough legacy contracts in 2021.

These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. At this time, it is not possible to predict the overall effect (including conduct, operational and financial impacts) of any such reforms and changes, any establishment of alternative reference rates or any other reforms to these reference rates that may be enacted, including the potential or actual discontinuance of LIBOR publication, any transition away from LIBOR or ongoing reliance on LIBOR for some legacy products. Uncertainty as to the nature of such potential changes, alternative reference rates (including, without limitation, SONIA, €STR, SARON and SOFR or term versions of those rates) or other reforms may adversely affect a broad array of financial products, including any LIBOR-based or EURIBOR-based securities, loans and derivatives that are included in Lloyds Bank Group’s financial assets and liabilities, that use these reference rates and may impact the availability and cost of hedging instruments and borrowings. During the transition to the new reference rates and/or when these reference rates are no longer available, Lloyds Bank Group may incur additional expenses in effecting the transition from such reference rates, and may be subject to disputes, which could have an adverse effect on Lloyds Bank Group’s results of operations. In addition, it can have important operational impacts through Lloyds Bank Group’s systems and infrastructure as all systems will need to account for the changes in the reference rates. Any of these factors may have a material adverse effect on Lloyds Bank Group’s results of operations, financial condition or prospects.



## Regulatory and Legal Risks

### **1. Lloyds Bank Group and its businesses are subject to substantial regulation and oversight. Adverse legal or regulatory developments could have a material adverse effect on Lloyds Bank Group's business, results of operations, financial condition or prospects**

Lloyds Bank Group and its businesses are subject to legislation, regulation, court proceedings, policies and voluntary codes of practice in the UK, the EU and the other markets in which it operates which are impacted by factors beyond its control, including:

- (a) general changes in government, central bank or regulatory policy, or changes in regulatory regimes that may influence investor decisions in particular markets in which Lloyds Bank Group operates, and which may change the structure of those markets and the products offered or may increase the costs of doing business in those markets;
- (b) external bodies applying or interpreting standards, laws, regulations or contracts differently to Lloyds Bank Group;
- (c) an uncertain and rapidly evolving prudential regulatory environment;
- (d) changes in competitive and pricing environments, including markets investigations, or one or more of Lloyds Bank Group's regulators intervening to mandate the pricing of Lloyds Bank Group's products, as a consumer protection measure;
- (e) one or more of Lloyds Bank Group's regulators intervening to prevent or delay the launch of a product or service, or prohibiting an existing product or service;
- (f) further requirements relating to financial reporting, corporate governance, corporate structure and conduct of business and employee compensation;
- (g) expropriation, nationalisation, confiscation of assets and changes in legislation relating to foreign ownership;
- (h) changes to regulation and legislation relating to economic and trading sanctions, money laundering and terrorist financing;
- (i) developments in the international or national legal environment resulting in regulation, legislation and/or litigation targeting entities such as Lloyds Bank Group for investing in, or lending to organisations deemed to be responsible for, or contributing to, climate change; and
- (j) regulatory changes which influence business strategy, particularly the rate of growth of the business, or which impose conditions on the sales and servicing of products, which have the effect of making such products unprofitable or unattractive to sell.

These laws and regulations include increased regulatory oversight, particularly in respect of conduct issues, data protection, product governance and prudential regulatory developments, including ring-fencing.

Unfavourable developments across any of these areas, both in and outside the UK, as a result of the factors above could materially affect Lloyds Bank Group's ability to maintain appropriate liquidity, increase its funding costs, constrain the operation of its business and/or have a material adverse effect on Lloyds Bank Group's business, results of operations and financial condition.

## 2. Lloyds Bank Group faces risks associated with its compliance with a wide range of laws and regulations

Lloyds Bank Group is exposed to risk associated with compliance with laws and regulations, including:

- (i) certain aspects of Lloyds Bank Group's activities and business may be determined by the relevant authorities, the Financial Ombudsman Service (the "FOS"), or the courts, to have not been conducted in accordance with applicable laws or regulations, or, in the case of the FOS, with what is fair and reasonable in the Ombudsman's opinion;
- (ii) the possibility of alleged mis-selling of financial products or the mishandling of complaints related to the sale of such products by or attributed to a member of Lloyds Bank Group, resulting in disciplinary action or requirements to amend sales processes, withdraw products, or provide restitution to affected customers, all of which may require additional provisions;
- (iii) risks relating to compliance with, or enforcement actions in respect of, existing and/or new regulatory or reporting requirements, including as a result of a change in focus of regulation or a transfer of responsibility for regulating certain aspects of Lloyds Bank Group's activities and business to other regulatory bodies;
- (iv) contractual and other obligations may either not be enforceable as intended or may be enforced against Lloyds Bank Group in an adverse way;
- (v) the intellectual property of Lloyds Bank Group (such as trade names) may not be adequately protected;
- (vi) Lloyds Bank Group may be liable for damages to third-parties harmed by the conduct of its business; and
- (vii) the risk of regulatory proceedings, enforcement actions and/or private litigation, arising out of regulatory investigations or otherwise (brought by individuals or groups of plaintiffs) in the UK and other jurisdictions.

Regulatory and legal actions pose a number of risks to Lloyds Bank Group, including substantial monetary damages or fines, the amounts of which are difficult to predict and may exceed the amount of provisions set aside to cover such risks. See *"Regulatory and Legal Risks – The financial impact of legal proceedings and regulatory risks may be material and is difficult to quantify. Amounts eventually paid may materially exceed the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased in response to changing circumstances"*. In addition, Lloyds Bank Group may be subject, including as a result of regulatory actions, to other penalties and injunctive relief, civil or private litigation arising out of a regulatory investigation or otherwise, the potential for criminal prosecution in certain circumstances and regulatory restrictions on Lloyds Bank Group's business, all of which can have a negative effect on Lloyds Bank Group's reputation as well as taking a significant amount of management time and resources away from the implementation of its strategy.

Lloyds Bank Group may settle litigation or regulatory proceedings prior to a final judgement or determination of liability to avoid the cost, management efforts or negative business, regulatory or reputational consequences of continuing to contest liability, even when Lloyds Bank Group believes that it has no liability or when the potential consequences of failing to prevail would be disproportionate to the costs of settlement. Furthermore, Lloyds Bank Group may, for similar reasons, reimburse counterparties for their losses even in situations where Lloyds Bank Group does not believe that it is legally compelled to do so. Failure to manage these risks adequately could materially affect Lloyds Bank Group, both financially and reputationally.

**3. Legal and regulatory risk arising from the UK's exit from the EU could adversely impact Lloyds Bank Group's business, operations, financial condition and prospects**

The EU-UK TCA provides a structure for the EU and UK relationship following the UK's exit from the EU.

The EU and the UK agreed a Memorandum of Understanding on Financial Services Regulatory Cooperation on 26 March 2021 to help preserve financial stability, market integrity, and the protection of investors and consumers. However, there can be no assurance as to the making of any financial services regulatory equivalence decisions (including as to the extent, duration and conditionality of any such decisions). The EU-UK TCA does not lay down any binding commitments on financial services and it remains uncertain if the UK and the EU financial regulatory regimes will diverge substantially in the future or not. This uncertainty may be exacerbated by the possible re-emergence of calls for a further Scottish independence referendum and/or the differential arrangements under the EU-UK TCA and the EU withdrawal agreement for Northern Ireland relative to the rest of the UK.

Lloyds Bank Group is subject to substantial EU-derived laws, regulation and oversight, which will be impacted as a result of the UK's exit from the EU. Lloyds Bank Group and its subsidiaries in the UK have ceased to be subject to EU law; but EU law continues to apply to its EU subsidiaries. Divergence between UK law and EU law will increase the burden of associated compliance costs on Lloyds Bank Group. Moreover, Lloyds Bank Group and its counterparties are no longer able to rely on the European passporting framework for financial services. Lloyds Bank Group continues to service existing products in certain EU jurisdictions, where permitted. A change to any EU jurisdiction's acceptance of continued servicing could potentially result in the loss of customers and / or the requirement for Lloyds Bank Group to apply for authorisation in EU jurisdictions where it is to continue business, with associated costs and operational considerations. Any new or amended legislation and regulation may have a significant impact on Lloyds Bank Group's operations, profitability and business model.

**4. Lloyds Banking Group and its subsidiaries, including Lloyds Bank Group, are subject to resolution planning requirements, which could have an adverse impact on Lloyds Bank Group's business**

In July 2019, the Bank of England and the PRA published final rules for a resolvability assessment framework (the “**Resolvability Assessment Framework**”), with full implementation of the framework required by 2022. This requires Lloyds Banking Group to carry out a detailed assessment of its preparations for resolution. These rules on the Resolvability Assessment Framework may affect the way in which Lloyds Banking Group manages its business and ultimately impact the profitability of Lloyds Bank Group. Further, the publication of the outcome of such assessment may affect the way Lloyds Bank Group is perceived by the market which, in turn, may affect the secondary market value of the Bank's securities.

**5. Lloyds Banking Group and its subsidiaries, including Lloyds Bank Group, are subject to regulatory actions which may be taken in the event of a bank or parent group failure**

Under the Banking Act 2009, as amended, (the “**Banking Act**”), substantial powers have been granted to HM Treasury, the Bank of England and the PRA and FCA (together, the “**Authorities**”) as part of the special resolution regime (the “**SRR**”). These powers enable the Authorities to deal with and stabilise UK-incorporated institutions with permission to accept deposits (including the Bank and members of Lloyds Bank Group) if they are failing or are likely to fail to satisfy certain threshold conditions.

The SRR consists of five stabilisation options: (i) transfer of all or part of the business of the relevant entity or the shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” established and wholly owned by the Bank of England; (iii) transfer all or

part of the relevant entity or “bridge bank” to an asset management vehicle; (iv) making of one or more resolution instruments by the Bank of England; and (v) temporary public ownership of the relevant entity. HM Treasury may also take a parent company of a relevant entity into temporary public ownership where certain conditions are met. Certain ancillary powers include the power to modify contractual arrangements in certain circumstances.

Under the Banking Act, powers are granted to the Authorities which include, but are not limited to: (i) a “write-down and conversion power” relating to Tier 1 and Tier 2 capital instruments and (ii) a “bail-in” power relating to the majority of unsecured liabilities (including the capital instruments and senior unsecured debt securities issued by the Bank). While the Company is currently the resolution entity for Lloyds Banking Group pursuant to the Bank of England’s “single point of entry” resolution model, bail-in is capable of being applied to all of the Bank’s senior unsecured and subordinated debt instruments with a remaining maturity of greater than seven days. Such loss absorption powers give resolution authorities the ability to write-down or write-off all or a portion of the claims of certain unsecured creditors of a failing institution or group and/or to convert certain debt claims into another security, including ordinary shares of the surviving group entity, if any. Such resulting ordinary shares may be subject to severe dilution, transfer for no consideration, write-down or write-off. The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under Regulation (EU) No 575/2013 (as amended) as it forms part of domestic law by virtue of the EUWA and related legislation, with certain amendments (the “**Capital Requirements Regulation**”) and otherwise respecting the hierarchy of claims in an ordinary insolvency. Moreover, the Banking Act and secondary legislation made thereunder provides certain limited safeguards for creditors in specific circumstances. For example, a holder of debt securities issued by the Bank should not suffer a worse outcome than it would in insolvency proceedings. However, this “no creditor worse off” safeguard may not apply in relation to an application of the write-down and conversion power in circumstances where a stabilisation power is not also used; holders of debt instruments which are subject to the power may, however, have ordinary shares transferred to or issued to them by way of compensation. The exercise of mandatory write-down and conversion power under the Banking Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of the holders of equity and debt securities and the price or value of their investment and/or the ability of Lloyds Bank Group to satisfy its obligations under such debt securities.

Resolution authorities also have powers to amend the terms of contracts (for example, varying the maturity of a debt instrument) and to override events of default or termination rights that might be invoked as a result of the exercise of the resolution powers, which could have a material adverse effect on the rights of holders of the debt securities issued by the Bank, including through a material adverse effect on the price of such securities. The Banking Act also gives the Bank of England the power to override, vary or impose contractual obligations between a UK bank, its holding company and its group undertakings for reasonable consideration, in order to enable any transferee or successor bank to operate effectively. There is also power for HM Treasury to amend the law (excluding provisions made by or under the Banking Act) for the purpose of enabling it to use the regime powers effectively, potentially with retrospective effect.

The determination that securities and other obligations issued by the Bank will be subject to loss absorption is likely to be inherently unpredictable and may depend on a number of factors which may be outside of Lloyds Bank Group’s control. This determination will also be made by the relevant UK resolution authority and there may be many factors, including factors not directly related to Lloyds Bank Group, which could result in such a determination. Because of this inherent uncertainty and given that the relevant provisions of the Banking Act remain largely untested in practice, it will be difficult to predict when, if at all, the exercise of a loss absorption power may occur which would result in a principal write-off or conversion to other securities. Moreover, as the criteria that the relevant UK resolution authority will be obliged to consider in exercising any loss absorption power provide it with considerable discretion, holders of the securities issued by the Bank may not be able to

refer to publicly available criteria in order to anticipate a potential exercise of any such power and consequently its potential effect on Lloyds Bank Group and the securities issued by the Bank.

Potential investors in the securities issued by the Bank should consider the risk that a holder may lose some or all of its investment, including the principal amount plus any accrued interest, if such statutory loss absorption measures are acted upon. The Banking Act provides that, other than in certain limited circumstances set out in the Banking Act, extraordinary governmental financial support will only be available to the Bank as a last resort once the write-down and conversion powers and resolution tools referred to above have been exploited to the maximum extent possible. Accordingly, it is unlikely that investors in securities issued by the Bank will benefit from such support even if it were provided.

Holders of the Bank's securities may have limited rights or no rights to challenge any decision of the relevant UK resolution authority to exercise the UK resolution powers or to have that decision reviewed by a judicial or administrative process or otherwise. Accordingly, trading behaviour in respect of such securities is not necessarily expected to follow the trading behaviour associated with other types of securities that are not subject to such resolution powers. Further, the introduction or amendment of such recovery and resolution powers, and/or any implication or anticipation that they may be used, may have a significant adverse effect on the market price of such securities, even if such powers are not used.

The minimum requirement for own funds and eligible liabilities ("MREL") applies to UK financial institutions and covers own funds and debt instruments that are capable of being written-down or converted to equity in order to prevent a financial institution or its group from failing in a crisis. The Bank of England has set a final MREL conformance date for larger banks of 1 January 2022 with interim compliance required from 1 January 2020. Lloyds Bank Group has been identified as a material subsidiary of the Company and must therefore maintain internal MREL resources from 1 January 2020 at the higher of: minimum requirements calculated on a sub consolidated basis and on an individual basis.

In addition, Lloyds Bank Group's costs of doing business may increase by amendments made to the Banking Act in relation to deposits covered by the UK Financial Services Compensation Scheme (the "FSCS"). Lloyds Banking Group contributes to compensation schemes such as the FSCS in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. Further provisions in respect of these costs are likely to be necessary in the future. The ultimate cost to the industry, which will also include the cost of any compensation payments made by the FSCS and, if necessary, the cost of meeting any shortfall after recoveries on the borrowings entered into by the FSCS, remains uncertain but may be significant and may have a material effect on Lloyds Bank Group's business, results of operations or financial condition.

#### **6. Lloyds Bank Group is subject to the risk of having insufficient capital resources and/or not meeting liquidity requirements**

Under PRA requirements, Lloyds Bank Group (as the ring-fenced bank sub-group) became subject to prudential requirements on a sub-consolidated basis from 1 January 2019. These requirements are in addition to the requirements that the Bank must meet under the existing prudential regime on an individual basis.

If the Bank and/or Lloyds Bank Group has, or is perceived to have, a shortage of regulatory capital or to be unable to meet its regulatory minimum liquidity requirements, then it may be subject to regulatory interventions and sanctions and may suffer a loss of confidence in the market with the result that access to sources of liquidity and funding may become constrained, more expensive or unavailable. This, in turn, may affect Lloyds Bank Group's capacity to continue its business operations, pay future dividends to the Company and make other distributions or pursue acquisitions or other strategic opportunities, impacting future growth potential.

See also the risk factor above entitled “*Economic and Financial Risks – Lloyds Bank Group’s businesses are subject to inherent risks concerning liquidity and funding, particularly if the availability of traditional sources of funding such as retail deposits or the access to wholesale funding markets becomes more limited*”.

A shortage of capital could arise from (i) a depletion of the Bank and/or Lloyds Bank Group’s capital resources through increased costs or liabilities and reduced asset values which could arise as a result of the crystallisation of credit-related risks, regulatory and legal risks, business and economic risks, operational risks, financial soundness-related risks and other risks; and/or (ii) an increase in the amount of capital that is needed to be held; and/or (iii) changes in the manner in which Lloyds Bank Group and/or the Bank is required to calculate its capital and/or the risk-weightings applied to its assets. This might be driven by a change to the actual level of risk faced by Lloyds Bank Group or to changes in the minimum capital required by legislation or by the regulatory authorities. For example, an aggregated risk weighted asset output floor has been proposed by the Basel Committee with an expected transitional period from 2023 to 2028. The application of the final phase of implementation of the Basel reforms (“**Basel 3.1**”), including the output floor, will be a matter for the UK legislature and Lloyds Bank Group’s and the Bank’s prudential regulators and there remains uncertainty until such rules translate into UK legislation.

Lloyds Bank Group and/or the Bank may address a shortage of capital by acting to reduce leverage exposures and/or risk-weighted assets, for example by way of business disposals. Such actions may impact the profitability of Lloyds Bank Group.

Whilst Lloyds Bank Group monitors current and expected future capital, MREL and liquidity requirements, including having regard to both leverage and risk weighted assets-based requirements, and seeks to manage and plan the prudential position accordingly and on the basis of current assumptions regarding future regulatory capital and liquidity requirements, there can be no assurance that the assumptions will be accurate in all respects or that it will not be required to take additional measures to strengthen its capital or liquidity position. Market expectations as to capital and liquidity levels may also increase, driven by, for example, the capital and liquidity levels (or targets) of peer banking groups.

Lloyds Bank Group’s borrowing costs and access to capital markets, as well as its ability to lend or carry out certain aspects of its business, could also be affected by future prudential regulatory developments more generally, including: (i) evolving UK and global prudential and regulatory changes, for example, the UK consultation on the remaining changes to implement the Capital Requirements Regulation II, and Basel 3.1 in the UK; (ii) regulatory changes in other jurisdictions to which Lloyds Bank Group has exposure and (iii) the evolving regulatory and legal impacts of the UK’s exit from the EU.

Any of the risks mentioned above could have a material adverse effect on Lloyds Bank Group’s capital resources and/or liquidity, results of operations, its ability to continue its business operations and its financial condition.

**7. The financial impact of legal proceedings and regulatory risks may be material and is difficult to quantify. Amounts eventually paid may materially exceed the amount of provisions set aside to cover such risks, or existing provisions may need to be materially increased in response to changing circumstances**

Where provisions have already been taken in published financial statements of Lloyds Bank Group or results announcements for ongoing legal or regulatory matters, these have been recognised, in accordance with IAS 37 (“Provisions, Contingent Liabilities and Contingent Assets”) (“**IAS 37**”), as the best estimate of the expenditure required to settle the obligation as at the reporting date. Such estimates are inherently uncertain and it is possible that the eventual outcomes may differ materially from current estimates, resulting in future increases or decreases to the required provisions, or actual losses that exceed or fall short of the provisions taken.

Excluding MBNA Limited (“MBNA”), Lloyds Bank Group increased provisions for expected payment protection insurance (“PPI”) costs by a further £0.1 billion recognised in the final quarter of the year ended 31 December 2020. Of the approximately six million enquiries received pre-deadline, more than 99 per cent. have now been processed. The £0.1 billion charge in the fourth quarter was driven by the impact of the COVID-19 pandemic delaying operational activities during 2020, the final stages of work to ensure operational completeness ahead of an orderly programme close and final validation of information requests and complaints with third parties that resulted in a limited number of additional complaints to be handled. A small part of the costs incurred during the year also reflect the costs associated with litigation activity to date.

This brings the total amount provided for at the end of 2020 to £21.9 billion, of which £0.2 billion remains unutilised relating to complaints and associated administration costs.

With regard to MBNA, as announced in December 2016, Lloyds Bank Group’s exposure continues to remain capped at £240 million under the terms of the MBNA sale and purchase agreement. No additional charge has been made by MBNA to its PPI provision in the year ended 31 December 2020.

Provisions have not been taken where no obligation (as defined in IAS 37) has been established, whether associated with a known or potential future litigation or regulatory matter. Accordingly, an adverse decision in any such matters could result in significant losses to Lloyds Bank Group which have not been provided for. Such losses would have an adverse impact on Lloyds Bank Group’s financial condition and operations.

In November 2014, the UK Supreme Court ruled in *Plevin v Paragon Personal Finance Limited [2014] UKSC 61* (“Plevin”) that failure to disclose to a customer a “high” commission payment on a single premium PPI policy sold with a consumer credit agreement created an unfair relationship between the lender and the borrower under s140 of the Consumer Credit Act 1974. It did not define a tipping point above which commission was deemed “high”. The disclosure of commission was not a requirement of the FSA’s (now FCA’s) Insurance: Conduct of Business sourcebook rules for the sale of general insurance (including PPI). Permission to appeal the redress outcome in the Plevin case was refused by the Court of Appeal in July 2015 and by the President of the Family Division in November 2015.

In November 2015 and August 2016, the FCA consulted on the introduction of a two year industry deadline by which consumers would need to make their PPI complaints or lose their right to have them assessed, and proposed rules and guidance about how firms should handle PPI complaints fairly in light of the Plevin judgment discussed above. On 2 March 2017, the FCA confirmed an industry deadline of 29 August 2019. The FCA’s rules to address Plevin commenced on 29 August 2017. The industry deadline also applies to the handling of these complaints. The FCA’s rules, issued on 2 March 2017, could have a material adverse effect on Lloyds Bank Group’s reputation, business, financial condition, results of operations and prospects.

Further, no assurance can be given that Lloyds Bank Group will not incur liability in connection with any past, current or future non-compliance with legislation or regulation, and any such non-compliance could be significant and materially adversely affect its reputation, business, financial condition, results of operations and prospects.

**8. Lloyds Bank Group must comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations, and a failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose Lloyds Bank Group to liability**

Lloyds Bank Group is required to comply with applicable anti-money laundering, anti-terrorism, sanctions, anti-bribery and other laws and regulations in the jurisdictions in which it operates. These extensive laws and regulations require Lloyds Bank Group, amongst other things, to adopt and enforce “know-your-customer” policies and procedures and to report suspicions of money laundering and terrorist financing, and in some

countries specific transactions to the applicable regulatory authorities. These laws and regulations have become increasingly complex and detailed, require improved systems and sophisticated monitoring and compliance personnel, and have become the subject of enhanced government and regulatory supervision.

Lloyds Bank Group has adopted policies and procedures aimed at detecting and preventing the use of its banking network and services for money laundering, financing terrorism, bribery, tax evasion, human trafficking, modern day slavery, wildlife trafficking and related activities. These controls, however, may not eliminate instances where third parties seek to use Lloyds Bank Group's products and services to engage in illegal or improper activities. In addition, while Lloyds Bank Group reviews its relevant counterparties' internal policies and procedures with respect to such matters, Lloyds Bank Group, to a large degree, relies upon its relevant counterparties to maintain and properly apply their own appropriate anti-money laundering procedures. Such measures, procedures and compliance may not be effective in preventing third parties from using Lloyds Bank Group (and its relevant counterparties) as a conduit for money laundering and terrorist financing (including illegal cash operations) without Lloyds Bank Group's (and its relevant counterparties') knowledge. If Lloyds Bank Group is associated with, or even accused of being associated with, or becomes a party to, money laundering or terrorist financing, its reputation could suffer and it could become subject to fines, sanctions and/or legal enforcement (including being added to any "black lists" that would prohibit certain parties from engaging in transactions with Lloyds Bank Group), any one of which could have a material adverse effect on its results of operations, financial condition and prospects.

Furthermore, failure to comply with trade and economic sanctions, both primary and secondary (which are frequently subject to change by relevant governments and agencies in the jurisdictions in which Lloyds Bank Group operates), and failure to comply fully with other applicable compliance laws and regulations, may result in the imposition of fines and other penalties on Lloyds Bank Group, including the revocation of licences. In addition, Lloyds Bank Group's business and reputation could suffer if customers use its banking network for money laundering, financing terrorism, or other illegal or improper purposes.

**9. Failure to manage the risks associated with changes in taxation rates or applicable tax laws, or misinterpretation of such tax laws, could materially adversely affect Lloyds Bank Group's results of operations, financial condition or prospects**

Tax risk is the risk associated with changes in taxation rates, applicable tax laws, misinterpretation of such tax laws, disputes with relevant tax authorities in relation to historic transactions, or conducting a challenge to a relevant tax authority. Failure to manage this risk adequately could cause Lloyds Bank Group to suffer losses due to additional tax charges and other financial costs including penalties. Such failure could lead to adverse publicity, reputational damage and potentially costs materially exceeding current provisions, in each case to an extent which could have an adverse effect on Lloyds Bank Group's results of operations, financial condition or prospects.

**Business and Operational Risks**

**1. Operational risks, including the risk that the Lloyds Bank Group fails to design resilience into business operations, underlying infrastructure and controls, including weaknesses or failures in the Lloyds Bank Group's processes, systems and security, and risks due to reliance on third party services and products could materially adversely affect the Lloyds Bank Group's operations**

Operational risks, through inadequate or failed processes, systems (including financial reporting and risk monitoring processes) or security, or from people-related or external events, including the risk of fraud and other criminal acts carried out against Lloyds Bank Group, are present in Lloyds Bank Group's businesses. Lloyds Bank Group's businesses are dependent on processing and reporting accurately and efficiently a high



volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Any weakness or errors in these processes, systems or security could have an adverse effect on Lloyds Bank Group's results, reporting of such results, and on the ability to deliver appropriate customer outcomes during the affected period which may lead to an increase in complaints and damage to the reputation of Lloyds Bank Group.

Specifically, failure to develop, deliver or maintain effective IT solutions in line with Lloyds Bank Group's operating environment could have a material adverse impact on customer service and business operations. Any prolonged loss of service availability could damage Lloyds Bank Group's ability to service its customers, could result in compensation costs and could cause long-term damage to its business and brand. See "*Business and Operational Risks - Lloyds Bank Group's business is subject to risks related to cybercrime.*"

Third parties such as suppliers and vendors upon which Lloyds Bank Group relies for important products and services could also be sources of operational risk, specifically with regard to security breaches affecting such parties. Lloyds Bank Group may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs. Additionally, any problems caused by these third parties, including as a result of their not providing Lloyds Bank Group their services for any reason, their performing their services poorly, or employee misconduct, could adversely affect Lloyds Bank Group's ability to deliver products and services to customers and otherwise to conduct business. Replacing these third party vendors or moving critical services from one provider to another could also entail significant delays and expense.

Lloyds Bank Group is also exposed to risk of fraud and other criminal activities (both internal and external) due to the operational risks inherent in banking operations. These risks are also present when Lloyds Bank Group relies on outside suppliers or vendors to provide services to Lloyds Bank Group and its customers. Fraudsters may target any of Lloyds Bank Group's products, services and delivery channels, including lending, internet banking, payments, bank accounts and cards. This may result in financial loss to Lloyds Bank Group and/or Lloyds Bank Group's customers, poor customer experience, reputational damage, potential litigation and regulatory proceedings. Industry reported gross fraud losses have continued to increase as both financial institutions and their customers are targeted.

Fraud losses and their impacts on customers and the wider society are now an increasing priority for consumer groups, regulators and the UK Government. Any weakness or errors in Lloyds Bank Group's processes, systems or security could have an adverse effect on Lloyds Bank Group's results and on the ability to deliver appropriate customer responses, which may lead to an increase in complaints and damage to Lloyds Bank Group's reputation. Please see "*Regulatory and Legal Risks – Lloyds Bank Group must comply with anti-money laundering, counter terrorist financing, anti-bribery and sanctions regulations, and a failure to prevent or detect any illegal or improper activities fully or on a timely basis could negatively impact customers and expose Lloyds Bank Group to liability*".

In addition, the COVID-19 pandemic has resulted in heightened operational risk as Lloyds Bank Group responds to the pandemic, including in the areas of cyber, fraud, people, technology and operational resilience. Cyber criminals continue to exploit COVID-19, seeking to mislead customers and colleagues. The impact of COVID-19 has required the reprioritising of planned activities and provided a challenge on colleagues' ability to absorb increased workloads, whilst adapting to new ways of working. As a result, there has been heightened focus on colleague wellbeing and resilience. There has also been significant levels of stress on supplier business models and the possibility of multiple supplier failures. Despite anticipated heightened operational risks, the volume of operational loss events in 2020 remained broadly consistent with previous years. As with other businesses, how Lloyds Bank Group is perceived to have supported its clients, employees and suppliers through the challenges presented by the COVID-19 pandemic could have a material effect on its reputation.

## **2. Lloyds Bank Group is exposed to conduct risk**

Lloyds Bank Group is exposed to various forms of conduct risk in its operations. Conduct risk is the risk of customer detriment across the customer lifecycle including: failures in product management, distribution and servicing activities; from other risks materialising, or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, or reputational damage or financial loss. Such risks are inherent in banking services. Forms of conduct risk include business and strategic planning that does not sufficiently consider customer need (leading to products being offered beyond target markets and mis-selling of financial products), ineffective management and monitoring of products and their distribution (which could result in customers receiving unfair outcomes), customer communications that are unclear, unfair, misleading or untimely (which could impact customer decision-making and result in customers receiving unfair outcomes), a culture that is not sufficiently customer-centric (potentially driving improper decision-making and unfair outcomes for customers), outsourcing of customer service and product delivery via third-parties that do not have the same level of control, oversight and customer-centric culture as Lloyds Bank Group (which could result in potentially unfair or inconsistent customer outcomes), the possibility of alleged mis-selling of financial products (which could require amendments to sales processes, withdrawal of products or the provision of restitution to affected customers, all of which may require additional provisions in Lloyds Bank Group's financial accounts), ineffective management of customer complaints or claims (which could result in customers receiving unfair outcomes), ineffective processes or procedures to support customers, including those in potentially vulnerable circumstances (which could result in customers receiving unfair outcomes or treatments which do not support their needs), and poor governance of colleagues' incentives and rewards and approval of schemes which drive unfair customer outcomes. Ineffective management and oversight of legacy conduct issues can also result in customers who are undergoing remediation being unfairly treated and therefore further rectification being required.

Lloyds Bank Group is also exposed to the risk of engaging in, or failing to manage, conduct which could constitute market abuse, undermine the integrity of a market in which it is active, distort competition or create conflicts of interest. Each of these risks can lead to regulatory censure, reputational damage, regulatory intervention/enforcement, the imposition of lengthy remedial redress programmes and financial penalties or other loss for Lloyds Bank Group, all of which could have a material adverse effect on its results of operations, financial condition or prospects.

## **3. Lloyds Bank Group's business is subject to risks related to cybercrime**

Lloyds Bank Group holds personal data on its systems aligned to product and services delivered to customers. Protection is delivered in accordance with data protection legislation, including the General Data Protection Regulation, Data Protection Act 2018 and the Private and Electronic Communication Regulation. In certain international locations, there are additional regulatory requirements that must be followed for business conducted in that jurisdiction. In the U.S., for example, the Company's U.S. entity is required to formally attest that it complies with specific cyber security requirements put forth by the New York State Department of Financial Services in Part 500 of Title 23 of the Official Compilation of Codes, Rules and Regulations of the State of New York.

Lloyds Bank Group's IT infrastructure, and that of third parties on whom it relies, may be vulnerable to cyber-attacks, malware, denial of services, unauthorised access and other events that have a security impact. Such an event may impact the confidentiality or integrity of Lloyds Bank Group's or its clients', employees' or counterparties' information or the availability of services to customers. As a result of such an event or a failure in Lloyds Bank Group's cyber security policies, Lloyds Bank Group could experience material financial loss, loss of competitive position, regulatory actions, breach of client contracts, reputational harm or legal liability, which, in turn, could have a material adverse effect on its results of operations, financial condition or prospects.

Lloyds Bank Group may be required to spend additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures, and it may be subject to litigation and financial losses that are either not insured against fully or not fully covered through any insurance that it maintains. Lloyds Bank Group is committed to continued participation in industry-wide activity relating to cyber risk. This includes working with relevant regulatory and government departments to evaluate the approach Lloyds Bank Group is taking to mitigate this risk and sharing relevant information across the financial services sector.

#### **4. Lloyds Bank Group is subject to the emerging risks associated with climate change**

The risks associated with climate change are coming under an increasing focus, both in the UK and internationally, from governments, regulators and large sections of society. These risks include: physical risks, arising from climate and weather-related events of increasing severity and/or frequency; transition risks resulting from the process of adjustment towards a lower carbon economy (including stranded, redundant or prohibited assets); and liability risks arising from Lloyds Bank Group or clients experiencing litigation or reputational damage as a result of sustainability issues.

Physical risks from climate change arise from a number of factors and relate to specific weather events and longer term shifts in the climate. The nature and timing of extreme weather events are uncertain but they are increasing in frequency and their impact on the economy is predicted to be more acute in the future. The potential impact on the economy includes, but is not limited to, lower GDP growth, higher unemployment and significant changes in asset prices and profitability of industries. The physical risks could also lead to the disruption of business activity at clients' locations. In addition, Lloyds Bank Group's premises and resilience may also suffer physical damage due to weather events leading to increased costs for Lloyds Bank Group.

The move towards a low-carbon economy will also create transition risks, due to potential significant and rapid developments in the expectations of policymakers, regulators and society resulting in policy, regulatory and technological changes which could impact Lloyds Bank Group. These risks may cause the impairment of asset values, impact the creditworthiness of clients of Lloyds Bank Group, and impact defaults among retail customers (including through the ability of customers to repay their mortgages, as well as the impact on the value of the underlying property), which could result in currently profitable business deteriorating over the term of agreed facilities.

In 2020, Lloyds Banking Group announced an ambitious goal to work with customers, government and the market to help reduce the emissions Lloyds Banking Group finances by more than 50 per cent. by 2030 on the path to net zero greenhouse gas emissions by 2050 or sooner, supporting both the UK Government's ambition and the 2015 Paris Agreement. Achieving this goal will require, among other things: customers and clients to transition to a low carbon economy; governments to introduce new policies, incentives and to invest in infrastructure; new market developments; and technological advancements. If these changes, most of which are out of Lloyds Banking Group's control, do not occur, Lloyds Banking Group (of which Lloyds Bank Group forms a large part) may have difficulty achieving its targets. Furthermore, in order to reach its targets, Lloyds Banking Group will need to further develop sustainable finance products and may be required to alter its business model. In April 2021, the Lloyds Banking Group joined, as a founding member, the Net Zero Banking Alliance, committing to aligning its lending portfolios with net-zero emissions by 2050.

If Lloyds Bank Group does not adequately embed the risks associated with climate change identified above into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or fails to adapt its strategy and business model to the changing regulatory requirements and market expectations on a timely basis, this could have an adverse impact on Lloyds Bank Group's results of operations, financial condition and prospects. Furthermore, inadequate climate risk disclosure could result in the loss of Lloyds Banking Group's investor base as it will not be perceived to be a

green investment. Implications of inadequately managing or disclosing climate-related risk or evidencing progress in line with expectations, could also result in potential reputational damage, customer attrition or loss of investor confidence.

**5. Lloyds Bank Group’s businesses are conducted in competitive environments, with increased competition scrutiny, and Lloyds Bank Group’s financial performance depends upon management’s ability to respond effectively to competitive pressures and scrutiny**

The markets for UK financial services, and the other markets within which Lloyds Bank Group operates, are competitive, and management expects such competition to continue or intensify. This expectation is due to competitor behaviour, new entrants to the market (including a number of new retail banks as well as non-traditional financial services providers), consumer demand, technological changes such as the growth of digital banking, and the impact of regulatory actions and other factors. Lloyds Bank Group’s financial performance and its ability to maintain existing or capture additional market share depends significantly upon the competitive environment and management’s response thereto.

The competitive environment can be, and is, influenced by intervention by the UK Government competition authorities and/or European regulatory bodies and/or governments of other countries in which Lloyds Bank Group operates, including in response to any perceived lack of competition within these markets. This may significantly impact the competitive position of Lloyds Bank Group relative to its international competitors, which may be subject to different forms of government intervention.

The Competition and Markets Authority (the “CMA”) launched a full market investigation into competition in the SME banking and personal current account (“PCA”) markets in November 2014 and published its final report on 9 August 2016, followed by the Retail Banking Market Investigation Order 2017 on 2 February 2017. The key final remedies include: the introduction of “Open Banking”, the publication of service quality information and customer information prompts. Recommendations were also made regarding improvements to current account switching, monthly maximum charges for PCA overdraft users, overdraft notifications and additional measures to assist small business in comparing the different products available. The FCA has also undertaken market reviews in each of the major retail product markets and introduced remedies to help customers compare products and switch between products and product providers.

Additionally, the internet and mobile technologies are changing customer behaviour and the competitive environment. There has been a steep rise in customer use of mobile banking over the last several years. Lloyds Bank Group faces competition from established providers of financial services as well as from banking business developed by non-financial companies, including technology companies with strong brand recognition.

As a result of any restructuring or evolution in the market, there may emerge one or more new viable competitors in the UK banking market or a material strengthening of one or more of Lloyds Bank Group’s existing competitors in that market. Any of these factors or a combination thereof could result in a significant reduction in the profit of Lloyds Bank Group.

**6. Lloyds Bank Group could fail to attract or retain senior management or other key employees**

Lloyds Bank Group’s success depends on its ability to attract, retain and develop high calibre talent. If Lloyds Bank Group was to unexpectedly lose a member of its key management or fail to maintain one of the strategic relationships of its key management team, its business and results of operations could be materially adversely affected.

In addition, Lloyds Bank Group also relies upon the services of other third-party providers for certain services and it may exercise limited control over the activities and business practices of these providers and any

inability on Lloyds Bank Group's part to maintain satisfactory commercial relationships with them or their failure to provide quality services could adversely affect Lloyds Bank Group's business.

Attracting additional and retaining existing skilled personnel is fundamental to the continued growth of Lloyds Bank Group's business. Personnel costs, including salaries, are increasing as the general level of prices and the standard of living increases in the countries in which Lloyds Bank Group does business and as industry-wide demand for suitably qualified personnel increases. No assurance can be given that Lloyds Bank Group will successfully attract new personnel or retain existing personnel required to continue to expand its business and to successfully execute and implement its business strategy. In addition, the uncertainty resulting from the UK's exit from the EU on foreign nationals' long-term residency permissions in the UK may make it challenging for Lloyds Bank Group to retain and recruit colleagues with relevant skills and experience.

**7. Lloyds Bank Group may fail to execute its ongoing strategic change initiatives, and the expected benefits of such initiatives may not be achieved on time or as planned**

In order to maintain and enhance Lloyds Bank Group's strategic position, it continues to invest in new initiatives and programmes. Lloyds Bank Group acknowledges the challenges faced with delivering these initiatives and programmes alongside the extensive agenda of regulatory and legal changes whilst safely operating existing systems and controls.

The successful completion of these programmes and Lloyds Bank Group's other strategic initiatives requires complex judgements, including forecasts of economic conditions in various parts of the world, and can be subject to significant risks. For example, Lloyds Bank Group's ability to execute its strategic initiatives successfully may be adversely impacted by a significant global macroeconomic downturn, legacy issues, limitations in its management or operational capacity and capability or significant and unexpected regulatory change in countries in which it operates.

Failure to execute Lloyds Bank Group's strategic initiatives successfully could have an adverse effect on Lloyds Bank Group's ability to achieve the stated targets and other expected benefits of these initiatives, and there is also a risk that the costs associated with implementing such initiatives may be higher than expected or benefits may be lesser than expected. Both of these factors could materially adversely impact Lloyds Bank Group's results of operations, financial condition or prospects.

**8. Lloyds Bank Group may be unable to fully capture the expected value from acquisitions, which could materially and adversely affect its results of operations, financial condition or prospects**

Lloyds Bank Group may from time to time undertake acquisitions as part of its growth strategy, which could subject it to a number of risks, such as: (i) the rationale and assumptions underlying the business plans supporting the valuation of a target business may prove inaccurate, in particular with respect to synergies and expected commercial demand; (ii) Lloyds Bank Group may fail to successfully integrate any acquired business, including its technologies, products and personnel; (iii) Lloyds Bank Group may fail to retain key employees, customers and suppliers of any acquired business; (iv) Lloyds Bank Group may be required or wish to terminate pre-existing contractual relationships, which could prove costly and/or be executed at unfavourable terms and conditions; (v) Lloyds Bank Group may fail to discover certain contingent or undisclosed liabilities in businesses that it acquires, or its due diligence to discover any such liabilities may be inadequate; and (vi) it may be necessary to obtain regulatory and other approvals in connection with certain acquisitions and there can be no assurance that such approvals will be obtained and even if granted, that there will be no burdensome conditions attached to such approvals, all of which could materially and adversely affect Lloyds Bank Group's results of operations, financial conditions or prospects.

**9. Lloyds Bank Group could be exposed to industrial action and increased labour costs resulting from a lack of agreement with trade unions**

Within Lloyds Bank Group, there are currently two recognised unions for the purposes of collective bargaining. Combined, these collective bargaining arrangements apply to around 95 per cent. of Lloyds Bank Group's total workforce.

Where Lloyds Bank Group or its employees or their unions seek to change any of their contractual terms, a consultation and negotiation process is undertaken. Such a process could potentially lead to increased labour costs or, in the event that any such negotiations were to be unsuccessful and result in formal industrial action, Lloyds Bank Group could experience a work stoppage that could materially adversely impact its business, financial condition and results of operations.

**10. Lloyds Bank Group's financial statements are based, in part, on assumptions and estimates**

The preparation of Lloyds Bank Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Due to the inherent uncertainty in making estimates, actual results reported in future periods may be based upon amounts which differ from those estimates. Estimates, judgements and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Lloyds Bank Group and the Bank's financial statements are prepared using judgements, estimates and assumptions based on information available at the reporting date. If one or more of these judgements, estimates and assumptions is subsequently revised as a result of new factors or circumstances emerging, there could be a material adverse effect on the Bank and/or Lloyds Bank Group's results of operations, financial condition or prospects and a corresponding impact on its funding requirements and capital ratios.

**Risks related to the structure of a particular issue of Notes.**

**1. Noteholders' claims against the Bank rank junior to certain other creditors**

The Notes do not provide for acceleration following non-payment of interest other than in a winding-up of the Bank. If the Bank enters into an insolvent winding-up procedure, the administrator, liquidator or other insolvency practitioner would be expected to make distributions of the Bank's residual assets to its creditors in accordance with a statutory hierarchy or "order of priority". The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under the Capital Requirements Regulation and otherwise respecting the hierarchy of claims in an ordinary insolvency. Investors should consider these matters when making their investment decision with respect to such Notes.

**2. Noteholders may be required to absorb losses in the event the Bank becomes subject to recovery and resolution action**

See "*Regulatory and Legal Risks – Lloyds Bank Group and its subsidiaries, including Lloyds Bank Group, are subject to regulatory actions which may be taken in the event of a bank or parent group failure*" above.

**3. Notes are obligations of the Bank only**

The Notes are obligations of the Bank only and are not guaranteed by any other entity and accordingly the Noteholders have recourse in respect thereof only to the Bank.

#### **4. Notes subject to optional redemption by the Bank**

If the applicable Final Terms or Pricing Supplement for Notes of any Series specify that the Bank has an option to redeem such Notes, the Bank may opt to redeem all, or (if specified in the applicable Final Terms or Pricing Supplement) some only, of such Notes at the price set out in the applicable Final Terms or Pricing Supplement together with any outstanding interest.

If the Notes are to be so redeemed or there is a perception that the Notes may be so redeemed, this may impact the market price of the Notes. During any period when the Bank may elect to redeem Notes, or during any period in which there is an actual or perceived increase in the likelihood that the Bank may elect to redeem the Notes in the future, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### **5. Redemption for Taxation Reasons**

On the occurrence of a Tax Event (as defined in Condition 5(c)), the Bank may, at its option (but subject to certain conditions) redeem all, but not some only, of any relevant Series of Notes at the applicable Early Redemption Amount together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption.

#### **6. Potential Conflicts of Interest**

Where the Bank acts as the Calculation Agent, or the Calculation Agent is an affiliate of the Bank, potential conflicts of interest may exist between the Calculation Agent and Noteholders, including with respect to certain determinations and judgements that the Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Notes.

#### **7. Notes issued at a substantial discount or premium**

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

#### **8. Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks**

Benchmarks have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing benchmarks, with further changes anticipated. These reforms and changes may cause a benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such benchmark, including possible adverse tax consequences for certain Noteholders.

Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the “**UK Benchmarks Regulation**”) among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities (such as the Bank)

of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The EU Benchmarks Regulation and the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a benchmark in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

Any of the reforms, or the general increase in regulatory scrutiny of benchmarks, could increase the costs and risks of administering or participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may 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 discontinuation or unavailability of quotes of certain benchmarks.

Any changes to the administration of, or the methodology used to obtain, a benchmark or the emergence of alternatives to a benchmark as a result of these reforms, may cause the relevant benchmark to perform differently than in the past or to be discontinued, or there could be other consequences which cannot be predicted. The potential discontinuation of a benchmark or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to a benchmark. The development of alternatives to a benchmark may result in Notes linked to or referencing the relevant benchmark performing differently than would otherwise have been the case if such alternatives to such benchmark had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes referencing or linked to a benchmark.

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 during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities based on the same benchmark.

In accordance with the Conditions, Notes which reference any affected benchmark may be subject to the adjustment of the interest provisions in certain circumstances. The circumstances which could trigger such adjustments are beyond the Bank's control and the subsequent use of a replacement benchmark may result in changes to the Conditions (which could be extensive) and/or interest payments that are lower than or that do not otherwise correlate over time with the payments that could have been made on such Notes if the relevant benchmark remained available in its current form. Although pursuant to the Conditions, spread adjustments may be applied to such replacement benchmark (including with the intention of partially or wholly reducing or eliminating any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark), the application of such adjustments to the Notes may not achieve this objective. 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. There is no assurance that the characteristics of any replacement benchmark would be similar to the affected benchmark, that any replacement benchmark would produce the economic equivalent of the affected benchmark or would be a suitable replacement for the affected benchmark. The choice of replacement benchmark is uncertain and could result in the use of risk-free rates (see *"Risks related to the structure of a particular issue of Notes - The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes"* below) and/or in the replacement benchmark being unavailable or indeterminable. In certain circumstances the ultimate fallback provisions may result in the effective application of a fixed rate of interest to Floating Rate Notes and/or Fixed Rate Reset Notes. Furthermore, if the Bank determines that it is not able to follow the prescribed steps set out in the Conditions, the relevant fallback provisions may not operate as intended at the relevant time. Any such



consequence could have a material adverse effect on the trading markets for such Notes, the liquidity of such Notes and/or the value of and return on any such Notes. The Conditions may require the exercise of discretion by the Bank or an independent adviser, as the case may be, and the making of potentially subjective judgments (including as to the occurrence or not of any events which may trigger amendments to the Conditions) and/or the amendment of the Conditions without the consent of Noteholders. The interests of the Bank or the independent adviser, as applicable, in making such determinations or amendments may be adverse to the interests of the Noteholders. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Bank to meet its obligations under Notes linked to a benchmark or could have a material adverse effect on the market value or liquidity of, and the amount payable under such Notes. Investors should consider these matters when making their investment decision with respect to such Notes. Investors should also consult their own independent advisers and make their own assessment about the potential risks imposed by the possible cessation or reform of certain reference rates.

**9. The market continues to develop in relation to risk-free rates (including overnight rates) as reference rates for Floating Rate Notes**

Investors should be aware that the market continues to develop in relation to risk-free rates, such as the Sterling Over Night Index Average (“**SONIA**”), the Secured Overnight Financing Rate (“**SOFR**”), the euro short-term rate (“**€STR**”) and the Swiss Average Rate Overnight (“**SARON**”) as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates.

Furthermore, such risk-free rates have a limited performance history and the future performance of such risk-free rates is impossible to predict. As a consequence no future performance of the relevant risk-free rate or Notes referencing such risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that risk-free rates may behave materially differently to interbank offered rates as interest reference rates. For example, since publication of SOFR began, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmarks or other market rates.

Market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative reference rates based on risk-free rates. For example, on 2 March 2020, the Federal Reserve Bank of New York, as administrator of SOFR, began publishing the SOFR Compounded Index and on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index. Accordingly, the specific formula for calculating the rate used in the Notes issued under this Prospectus may not be widely adopted by other market participants, if at all. The Bank may in the future also issue Notes referencing risk-free rates that differ material in terms of interest determination when compared with any previous Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Notes issued pursuant to this Programme.

In addition, the manner of adoption or application of risk-free rates in the bond markets may differ materially compared with the application and adoption of risk-free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption 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 Notes referencing such risk-free rates.

Each risk-free rate is published and calculated by third parties based on data received from other sources and the Bank has no control over their respective determinations, calculations or publications. There can be no

guarantee that the relevant risk-free rate (or the SOFR Compounded Index, SONIA Compounded Index or SARON Compounded Index) will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference a such risk-free rate (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for Noteholders). None of the Bank of England, the Federal Reserve, the SIX Financial Information AG or the European Central Bank have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing the relevant risk-free rate (or the SOFR Compounded Index, SONIA Compounded Index or SARON Compounded Index). If the manner in which the relevant risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference such risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

The use of risk-free rates as a reference rate for bonds is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such rates. Notes referencing risk-free rates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid which, in turn, may reduce the trading price of the Notes or mean that investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to any such Floating Rate Notes.

#### **10. Notes issued with a specific use of proceeds, such as Sustainability Bonds, may not meet investor expectations or requirements**

The applicable Final Terms in respect of any Tranche of Notes may provide that the Lloyds Bank Group will allocate an amount equal to the net proceeds of the issue of those Notes (“**Sustainability Bonds**”) to funding businesses and projects that, in the Lloyds Bank Group’s sole judgement and discretion, satisfy certain eligibility requirements that are intended to promote positive social and/or environmental benefits (“**Eligible Projects**”). If the use of proceeds of any Notes (including Sustainability Bonds) is a factor in a prospective investor’s decision to invest in such Notes, they should consider the disclosure in “*Use of Proceeds*” below and in the applicable Final Terms and consult with their legal or other advisers before making an investment in such Notes and must determine for themselves the relevance of such information for the purpose of any investment in such Notes, together with any other investigation such investor deems necessary.

No assurance is given by the Bank, the Arranger, the Co-arranger or any of the Dealers that the use of such proceeds for any Eligible Projects will meet the requirements set out in the Framework (as defined below), whether in whole or in part, or any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any particular Sustainability Bonds). No assurance can be given that Eligible Projects will meet investor expectations or requirements regarding such ‘green’, ‘social’ or ‘sustainable’ or similar labels

(including Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment, the so-called EU Taxonomy, as it forms part of domestic law by virtue of the EUWA), or that any projects or uses the subject of, or related to, any of the businesses and projects funded with the proceeds from any particular Sustainability Bonds will meet any or all investor expectations regarding such 'green', 'social', 'sustainable' or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects.

Furthermore, there is no contractual obligation to allocate the proceeds of any Sustainability Bonds to finance Eligible Projects or to provide annual progress reports as described in "*Use of Proceeds*" below and/or in the applicable Final Terms, and the Eligible Project criteria set out in the Framework may be updated and amended by the Company from time to time. The Bank's failure to allocate the proceeds of any particular Sustainability Bonds to finance Eligible Projects or to provide annual progress reports, the failure of any Eligible Project to meet any or all investor expectations regarding such 'green', 'social', 'sustainable' or other equivalently-labelled performance objectives, or the failure of an independent external review provider with environmental or social expertise to issue a second party opinion on the allocation of the bond proceeds may affect the value of any particular Sustainability Bonds and/or have adverse consequences for certain investors with portfolio mandates to invest in green, social or sustainable assets, however, it will not: (i) give rise to any claim by a Noteholder against the Bank; (ii) constitute an Event of Default (as defined in the Trust Deed) or breach of contract with respect to any particular Sustainability Bonds; or (iii) lead to an obligation of the Bank to redeem such Sustainability Bonds or be a relevant factor for the Bank in determining whether or not to exercise any optional redemption rights in respect of any Sustainability Bonds.

The net proceeds of the issue of any particular Sustainability Bonds which, from time to time, are not allocated as funding for Eligible Projects are intended by the Bank to be held pending allocation as funding towards Eligible Projects.

None of the Bank, the Arranger, the Co-arranger or any of the Dealers undertakes to ensure that there are at any time sufficient Eligible Projects to allow for allocation of a sum equal to the net proceeds of the issue of such Sustainability Bonds in full. Furthermore, none of the Arranger, the Co-arranger or any of the Dealers is responsible for (i) any assessment of any eligibility criteria relating to Sustainability Bonds, (ii) any verification of whether the relevant advance of loans by the Lloyds Bank Group or the Eligible Projects will satisfy the relevant eligibility criteria, (iii) the monitoring of the use of proceeds (or amounts equal thereto) in connection with the issue of any Sustainability Bonds, (iv) the allocation of the proceeds by the Lloyds Bank Group to particular Eligible Projects or (v) any assessment of the Eligible Projects criteria or the Framework.

No assurance or representation is given by the Bank, the Arranger, the Co-arranger, any of the Dealers or any other person as to the suitability or reliability for any purpose whatsoever of the Second Party Opinion (as defined below) or any other opinion or certification of any third party (whether or not solicited by the Bank or any affiliate) which may be made available in connection with any particular Sustainability Bonds and in particular whether any Eligible Projects fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall it be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Bank, the Arranger, the Co-arranger, any of the Dealers or any other person to buy, sell or hold any particular Sustainability Bonds.

Any such opinion or certification is only current as at the date that such opinion or certification was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Sustainability Bonds. Currently, the providers of such opinions and

certifications (including the provider of the Second Party Opinion) are not subject to any specific regulatory or other regime or oversight. No assurance or representation is or can be given by the Bank, the Arranger, the Co-arranger, or any of the Dealers to investors that any such opinion or certification will reflect any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply. The Noteholders have no recourse against the Bank, the Arranger, the Co-arranger, any of the Dealers or the provider of any such opinion or certification for the contents of any such opinion or certification. A withdrawal of any such opinion or certification may affect the value of any Sustainability Bonds, may result in the delisting of such Sustainability Bonds from any dedicated 'green', 'social' or 'sustainable' or other equivalently-labelled segment of any stock exchange or securities market and/or may have consequences for certain investors with portfolio mandates to invest in green, social, sustainable or other equivalently-labelled assets.

If any particular Sustainability Bonds are at any time listed or admitted to trading on any dedicated 'green', 'social' or 'sustainable' or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Bank, the Arranger, the Co-arranger, any of the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own articles of association or other governing rules or investment mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any of the businesses and projects funded with the proceeds from any particular Sustainability Bonds. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Bank, the Arranger, the Co-arranger, any of the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any particular Sustainability Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of any particular Sustainability Bonds, and any failure to obtain or maintain any such listing may affect the value of such Sustainability Bonds.

If any of the risks outlined in this risk factor materialise, this may have a material adverse effect on the market price of such Sustainability Bonds and also potentially the market price of any other Notes which are intended to finance the Lloyds Bank Group's lending for Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose (including, without limitation, if such investors are required to dispose of their Sustainability Bonds as a result of such Notes not meeting any investment criteria or objectives set by or for such investor, which could lead to increased volatility and/or material decreases in the market price of Sustainability Bonds).

### **Risks related to Notes generally.**

#### **1. The Notes are not bank deposits and are not insured or guaranteed by the FSCS or any other government agency**

The Notes are not bank deposits. In the event of the insolvency of the Bank, the Notes will not have the benefit of any insurance or guarantee of the FSCS or any other government agency.

#### **2. Modification, waivers and substitution**

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of the Noteholders, agree to (i) any modification of, or waiver or authorisation of any breach or proposed breach of, any of the Conditions or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another entity as principal debtor under any Notes in place of the Bank, in the circumstances described in Condition 11 of the Conditions.

In addition, pursuant to Condition 4(j) and Condition 4(k), certain changes may be made to the interest calculation provisions of the Floating Rate Notes or Fixed Rate Reset Notes in the circumstances set out in Condition 4(j) and Condition 4(k), without the requirement for consent of the Trustee or the Noteholders. See *“Risks related to the structure of a particular issue of Notes - Floating Rate Notes and Fixed Rate Reset Notes referencing or linked to benchmarks”* above.

### 3. **Change of law**

The Conditions are based on English law in effect as at the date of issue of the relevant Notes. 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 issue of the relevant Notes.

### 4. **Notes where denominations involve integral multiples**

In the case of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In the case of Bearer Notes, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

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

### 5. **Holding CREST Depository Interests**

Investors who hold through CREST through the issuance of CDIs (“**CDI Holders**”) will hold or have an interest in a separate legal instrument and not be the legal owners of the Notes underlying the CDIs (the “**Underlying Notes**”). Such CDIs will be issued to CDI Holders pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the “**CREST Deed Poll**”) that will bind such CDI Holders. Fees, charges, costs and expenses may be incurred in connection with the use of the CREST International Settlement Links Service.

Potential investors should note that neither the Bank, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

For further information on the issue and holding of CDIs see *“Clearing and Settlement”*.

### 6. **Potential U.S. Foreign Account Tax Compliance Act withholding and information reporting**

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. The Bank is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the U.S. to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the

application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, under proposed U.S. Treasury regulations such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. However, if additional notes (as described under “*Terms and Conditions of the Notes - 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. 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. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes.

Information relating to the Notes, their holders and beneficial owners may be required to be provided to tax authorities in certain circumstances pursuant to domestic or international reporting and transparency regimes. This may include (but is not limited to) information relating to the value of the Notes, amounts paid or credited with respect to the Notes, details of the holders or beneficial owners of the Notes and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by a tax authority may be provided to tax authorities in other countries. Some jurisdictions operate a withholding system in place of, or in addition to, such provision of information requirements.

## **Risks related to the market generally**

### **1. The secondary market generally**

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid and may be sensitive to changes in financial markets. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This may particularly be the case should the Bank experience significant financial distress, which may result in any sales of Notes having to be at a substantial discount to their principal amount, or for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

### **2. Exchange rate risks and exchange controls**

The Bank will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the

Investor's Currency may impose or modify exchange controls. An application in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

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

**3. Interest rate risk**

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

**4. Credit ratings may not reflect all risks**

One or more independent credit rating agencies may assign ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

**5. Effect of credit rating reduction**

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

**6. Investors to rely on the procedures of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg") for transfer, payment and communication with the Bank**

Notes issued under the Programme may be represented by one or more Global Notes or a permanent registered global certificate (each a "**Global Certificate**"). Such Global Notes or Global Certificates may be deposited with a common depositary or a common safekeeper (the "**Common Safekeeper**"), as the case may be, for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive definitive Notes or Certificates. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes or Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes or Global Certificates, the Bank will discharge its payment obligations under the Notes by making payments to the common depositary or a common safekeeper, as the case may be, for Euroclear or Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note or Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the relevant Notes. The Bank has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interest in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes or Global Certificates will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg to appoint appropriate proxies.

## **7. Risks related to payment of Notes in an Alternative Currency**

The Bank's primary obligation is to make all payments of interest, principal and other amounts with respect to Notes in the relevant Specified Currency. However, if Alternative Currency Equivalent is specified to be applicable and if access to the Specified Currency becomes restricted, the Bank may in its sole and absolute discretion (i) postpone the payment of any such amounts, (ii) make any such payment in the relevant Alternative Currency at the rates, and in the manner, set out in Condition 6(i) and the applicable Final Terms or Pricing Supplement, (iii) postpone the payment and make such payment in the relevant Alternative Currency or (iv) cancel or redeem the Notes.

## **Risks related to Notes denominated in Renminbi ("Renminbi Notes")**

### **1. The Renminbi is not freely convertible; there are significant restrictions on remittance of Renminbi into and outside the People's Republic of China (the "PRC") which may adversely affect the liquidity of Renminbi Notes.**

The Renminbi is not freely convertible at present. The PRC government continues to regulate conversion between the Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction over the years by the PRC government of control over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. This represents a current account activity. Remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filing with, the relevant authorities and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into the PRC for settlement of capital account items are developing gradually.

Although Renminbi was added to the Special Drawing Rights basket created by the International Monetary Fund in 2016 and policies further improving accessibility to Renminbi to settle cross-border transactions in foreign currencies were implemented by the People's Bank of China ("PBOC") in 2018, there is no assurance that the PRC government will continue to liberalise the control over cross-border RMB remittances in the future, that any pilot schemes for Renminbi cross-border utilisation will not be discontinued or that new PRC regulations will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated outside the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Bank to source Renminbi to finance its obligations under the Renminbi Notes.

Holders of beneficial interests in Notes denominated in Renminbi may be required to provide certifications and other information (including Renminbi account information) in order to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong.

### **2. There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Bank's ability to source Renminbi outside the PRC to service such Renminbi Notes**

As a result of the restrictions imposed by the PRC government on cross border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. The PBOC has established a Renminbi clearing and settlement system with financial institutions in other major global financial centres (each an "**RMB Clearing Bank**") through settlement agreements (the "**Settlement Agreements**") with each such financial institution to act as the RMB Clearing Bank in the relevant designated financial centre.

However, the current size of Renminbi-denominated financial assets outside the PRC is limited. Renminbi business participating banks do not have direct Renminbi liquidity support from the PBOC. They are



only allowed to square their open positions with the relevant RMB Clearing Bank after consolidating the Renminbi trade position of banks outside of the Renminbi business participating financial centres that are in the same bank group of the participating banks concerned with their own trade position and the relevant RMB Clearing Bank only has access to onshore liquidity support from PBOC to square open positions of participating banks for limited types of transactions, including open positions resulting from conversion services for corporations relating to cross-border trade settlement. The relevant RMB Clearing Bank is not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Agreements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Bank is required to source Renminbi outside the PRC to service the Renminbi Notes, there is no assurance that the Bank will be able to source such Renminbi on satisfactory terms, if at all.

**3. Investment in the Renminbi Notes is subject to exchange rate risks and the Bank may make payments of interest and principal in U.S. dollars in certain circumstances**

The value of the Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by changes in the PRC and international political and economic conditions and by many other factors. In August 2015, the PBOC implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. This change, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies. In addition, although the Bank's primary obligation is to make all payments of interest and principal or other amounts with respect to the Renminbi Notes in Renminbi, in certain circumstances, and if so specified, the terms of the Notes allow the Bank to delay any such payment and/or make payment in U.S. dollars or another specified currency at the prevailing spot rate of exchange, and/or cancel or redeem such Notes, all as provided for in more detail in the Notes (see *Condition 6(i)*). As a result, the value of these Renminbi payments in U.S. dollar terms may vary with the prevailing exchange rates in the marketplace. If the value of the Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a Renminbi Noteholder's investment in U.S. dollars or other applicable foreign currency terms will decline.

In the event that access to Renminbi becomes restricted to the extent that, by reason of Inconvertibility, Non-transferability, Illiquidity or any other Scheduled Payment Currency Disruption Event (each as defined in the Conditions), the Bank is unable, or it is impractical for it, to pay interest or principal in Renminbi, the Conditions allow the Bank to make payments in U.S. dollars or other foreign currency at the prevailing spot rate of exchange, all as provided in more detail in the Conditions. As a result, the value of these Renminbi payments may vary with the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against the U.S. dollar or other foreign currencies, the value of a holder's investment in the U.S. dollar or other foreign currency terms will decline.

**4. An investment in Renminbi Notes is subject to interest rate risks.**

The PRC government has gradually liberalised the regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. The Renminbi Notes may carry a fixed interest rate. Consequently, the trading price of such Renminbi Notes will vary with fluctuations in interest rates. If a holder

of Renminbi Notes tries to sell any Renminbi Notes before their maturity, they may receive an offer that is less than the amount invested.

**5. Payments in respect of the Renminbi Notes will only be made to investors in the manner specified in the Conditions.**

Investors may be required to provide certification and other information (including Renminbi account information) in order to be allowed to receive payments in Renminbi in accordance with the Renminbi clearing and settlement system for participating banks in Hong Kong. All Renminbi payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by a Global Note or a Global Certificate held with the common depositary or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg or any alternative clearing system, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) (as defined below) in accordance with prevailing Euroclear and/or Clearstream, Luxembourg rules and procedures, or (ii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in the RMB Settlement Centre(s) in accordance with prevailing rules and regulations. Other than as described in the Conditions, the Bank cannot be required to make payment by any other means (including in any other currency or in bank notes, by cheque or draft, or by transfer to a bank account in the PRC).

“**RMB Settlement Centre(s)**” means the financial centre(s) specified as such in the applicable Final Terms or Pricing Supplement in accordance with applicable laws and regulations. If no RMB Settlement Centre is specified in the applicable Final Terms or Pricing Supplement, the RMB Settlement Centre shall be deemed to be Hong Kong.

## TERMS AND CONDITIONS OF THE NOTES

Neither the Trust Deed constituting the Notes nor the Terms and Conditions of the Notes will contain any negative pledge covenant by the Bank or any events of default other than those set out in Condition 9 below (which do not include, *inter alia*, a cross default provision).

*The following is the text of the Terms and Conditions of the Notes (the “Conditions”) that, as completed in accordance with the provisions of Part A of the applicable Final Terms or, in the case of PR Exempt Notes, the applicable Pricing Supplement, shall be applicable to the Registered Notes and the Bearer Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these Conditions together with the relevant provisions of Part A of the applicable Final Terms or Pricing Supplement (as applicable) or (ii) these Conditions as so completed, shall be endorsed on the Bearer Notes or on the Certificates relating to Registered Notes. The applicable Pricing Supplement in relation to any Tranche of PR Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of the relevant Notes.*

*All capitalised terms that are not defined in the Conditions will have the meanings given to them in Part A of the applicable Final Terms or Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The issuer of the Notes is Lloyds Bank plc (the “**Bank**”). The Notes are constituted by a Trust Deed originally dated 4 October 1996 as amended and restated on 2 July 2021 (as modified and/or supplemented and/or restated as at the date of issue of the first Tranche of the Notes (the “**Issue Date**”), the “**Trust Deed**”) between the Bank and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An Agency Agreement originally dated 4 October 1996 and amended and restated on 2 July 2021 (as modified and/or supplemented and/or restated as at the Issue Date, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Bank, the Trustee, Citibank, N.A., London Branch, as issuing and paying agent and, in respect of CMU Notes (as defined below), Citicorp International Limited and the other agents named in it. The issuing and paying agent in respect of Notes other than CMU Notes, the issuing and paying agent in respect of CMU Notes, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**CMU Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall, where the context so permits, include the Issuing and Paying Agent and the CMU Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall, where the context so permits, include the Registrar) and the “**Calculation Agent(s)**” provided that references in these Conditions to the Issuing and Paying Agent shall, in respect of CMU Notes, be construed as references to the CMU Issuing and Paying Agent. Copies of the Trust Deed and the Agency Agreement are available for inspection free of charge during usual business hours at the registered office of the Trustee (being, for the time being, Eighth Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified offices of the Paying Agents and the Transfer Agents.

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

For the purpose of these Terms and Conditions of the Notes (the “**Conditions**”), a “**Series**” means a series of Notes comprising one or more Tranches, whether or not issued on the same date, that (except in respect of the first payment of interest and their issue price) have identical terms on issue and are expressed to have the same series number. “**Tranche**” means, in relation to a Series, those Notes of that Series that are issued on the same date at the same issue price and in respect of which the first payment of interest is identical. “**Final Terms**” means, in relation to a Tranche, the final terms or pricing supplement issued specifying the relevant issue details of such Tranche, substantially in the form of Schedule C or Schedule D, respectively, to the Programme Agreement originally dated 4 October 1996 and amended and restated on 2 July 2021 (as modified and/or supplemented and/or restated as at the Issue Date) between the Bank, the co-arrangers and the other dealers named therein.

## 1. Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) specified in the Final Terms.

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

The Notes (i) bear interest calculated by reference to a fixed rate of interest (“**Fixed Rate Notes**”), (ii) bear interest calculated by reference to a fixed rate of interest for an initial period and thereafter by reference to a fixed rate of interest recalculated on one or more dates specified in the Final Terms and by reference to a mid-market swap rate for the Specified Currency or, where the Specified Currency is Sterling, either a Sterling mid-market swap rate or a rate determined by reference to a benchmark gilt (“**Fixed Rate Reset Notes**”), (iii) bear interest by reference to a floating rate of interest (“**Floating Rate Notes**”), (iv) are issued on a non-interest bearing basis (“**Zero Coupon Notes**”) or (v) are a combination of two or more of (i) to (iii) of the foregoing, as specified in the Final Terms.

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

Registered Notes are represented by registered certificates (“**Certificates**”).

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

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

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

### *(a) Exchange of Exchangeable Bearer Notes*

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### *(b) Transfer of Registered Notes*

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Bank, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

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

In the case of an exercise of the Bank's or a Noteholder's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

### *(d) Delivery of New Certificates*

Each new Certificate to be issued pursuant to Condition 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 5(e)) or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant

Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) *Exchange Free of Charge*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, 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 reasonably require).

(f) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Bank at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### 3. Status of Notes

Subject to such exceptions as may be provided by mandatory provisions of applicable law, the Notes and the Coupons relating to them constitute unsecured, unguaranteed and unsubordinated obligations of the Bank and rank pari passu without any preference among themselves and at least pari passu with all other present and future unsecured and unsubordinated obligations of the Bank.

### 4. Interest and other Calculations

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 4.

(b) *Interest on Fixed Rate Reset Notes*

Each Fixed Rate Reset Note bears interest on its outstanding nominal amount:

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

payable, subject as provided herein, in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with this Condition 4.

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

In these Conditions:

**“Anniversary Date(s)”** means each date specified as such in the Final Terms;

**“Benchmark Determination Agent”** means an independent financial institution of international repute or other independent financial adviser experienced in the international capital markets, in each case appointed by the Bank at its own expense or as specified in the Final Terms;

**“Benchmark Gilt”** means, in respect of a Reset Period, such United Kingdom government security having a maturity date on or about the last day of such Reset Period as the Bank and the Benchmark Determination Agent, with the advice of the Reset Reference Banks, may determine to be appropriate;

**“Benchmark Gilt Rate”** means, in respect of a Reset Period, the gross redemption yield (as calculated by the Benchmark Determination Agent in consultation with the Bank in accordance with generally accepted market practice at such time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) of the Benchmark Gilt in respect of that Reset Period, with the price of the Benchmark Gilt for this purpose being the arithmetic average (rounded up (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered prices of such Benchmark Gilt quoted by the Reset Reference Banks at 3.00 p.m. (London time) on the relevant Reset Determination Date on a dealing basis for settlement on the next following dealing day in London. If at least four quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the First Reset Period, the Benchmark Gilt Rate in respect of the immediately preceding Reset Period or (ii) in the case of the First Reset Period, as set out in the Final Terms as the “First Reset Period Fallback”;

**“CMT Designated Maturity”** has the meaning given to it in the applicable Final Terms;

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

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

- (iii) if the yield referred to in paragraph (ii) above is not published by 4:30 p.m. (New York City time) on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

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

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

**“First Reset Date”** means the date specified as such in the Final Terms;

**“First Reset Period”** means the period from and including the First Reset Date up to but excluding the Second Reset Date or, if no such Second Reset Date is specified in the Final Terms, the date fixed for redemption of the Notes (if any);

**“First Reset Rate of Interest”** means the rate of interest as determined by the Calculation Agent or the Bank and the Benchmark Determination Agent (as applicable) on the Reset Determination Date corresponding to the First Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

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

**“Initial Rate of Interest”** means the initial rate of interest per annum specified in the Final Terms;

**“Margin”** means the margin (expressed as a percentage) in relation to the relevant Reset Period specified as such in the Final Terms;

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

- (i) if the Specified Currency is Sterling, for a semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Sterling which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(j)) (A) the relevant rate as specified in the Final Terms; or (B) if no such rate is specified, the overnight SONIA rate compounded for six months (calculated on an Actual/365 day count basis);
- (ii) if the Specified Currency is euro, for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in euro which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(j)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 6-month EURIBOR rate (calculated on an Actual/360 day count basis);
- (iii) if the Specified Currency is U.S. dollars, for the semi-annual fixed leg (calculated on a 30/360 day count basis) of a fixed for floating interest rate swap transaction in U.S. dollars which (i) has



- a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(j)) (A) the relevant rate as specified in the Final Terms; or (B) if no such rate is specified, the overnight SOFR rate compounded for 12 months (calculated on an Actual/360 day count basis);
- (iv) if the Specified Currency is Renminbi, for the semi-annual fixed leg (calculated on an Actual/365 day count basis) of a fixed for floating interest rate swap transaction in Renminbi which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a floating leg based on (subject as otherwise provided pursuant to Condition 4(j)) (A) the relevant rate as specified in the Final Terms or (B) if no such rate is specified, the 12-month CNH HIBOR rate (calculated on an Actual/365 day count basis); and
  - (v) if the Specified Currency is not Sterling, euro, U.S. dollars or Renminbi, for the Fixed Leg (as set out in the Final Terms) of a fixed for floating interest rate swap transaction in that Specified Currency which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market; and (iii) has a Floating Leg (as set out in the Final Terms, and subject as otherwise provided pursuant to Condition 4(j));

**“Mid-Swap Rate”** means in respect of a Reset Period, (i) the applicable semi-annual or annualised (as specified in the applicable Final Terms) mid-swap rate for swap transactions in the Specified Currency (with a maturity equal to that of the relevant Swap Rate Period specified in the Final Terms) as displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date (which rate, if the relevant Interest Payment Dates are other than semi-annual or annual Interest Payment Dates, shall be adjusted by, and in the manner determined by, the Calculation Agent) 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 4(j)), the relevant Reset Reference Bank Rate;

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

**“Reset Date”** means each of the First Reset Date, the Second Reset Date and each of the Anniversary Dates (if any) as is specified in the Final Terms;

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

**“Reset Rate”** means (a) if ‘Mid-Swap Rate’ is specified in the Final Terms, the relevant Mid-Swap Rate, (b) if ‘Benchmark Gilt Rate’ is specified in the Final Terms, the relevant Benchmark Gilt Rate or (c) if ‘CMT Rate’ is specified in the Final Terms, the relevant CMT Rate;

**“Reset Reference Bank Rate”** means the percentage rate determined by the Calculation Agent on the basis of (a) if “Mid-Swap Rate” is specified in the Final Terms, the Mid-Swap Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 11:00 a.m. in the principal financial centre of the Specified Currency (which in the case of Renminbi shall, for these purposes, be Hong Kong) on the relevant Reset Determination Date or (b) if “CMT Rate” is specified in the Final Terms, the Reset United States Treasury Securities Quotations provided by the Reset Reference Banks to the Calculation Agent at or around 4:30 p.m. (New York City time) on the relevant Reset Determination Date and, in either case, rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the rounded quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the First Reset Period, the relevant Mid-Swap Rate or CMT Rate (as applicable) 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 as set out in the Final Terms as the “First Reset Period Fallback”;

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

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

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

**“Screen Page”** means Reuters screen page “ICESWAP 1”, “ICESWAP 2”, “ICESWAP 3”, “ICESWAP 4”, “ICESWAP 5” or “ICESWAP 6” as specified in the Final Terms or such other page on Thomson Reuters as is specified in the Final Terms, or such other screen page as may replace it on Thomson Reuters or, as the case may be, on such other information service that may replace Thomson Reuters, in

each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying comparable rates;

**“Second Reset Date”** means the date specified as such in the Final Terms;

**“Subsequent Reset Period”** means the period from and including the Second 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;

**“Subsequent Reset Rate of Interest”** means, in respect of any Subsequent Reset Period, the rate of interest determined by the Calculation Agent or the Bank and the Benchmark Determination Agent (as applicable) on the Reset Determination Date corresponding to such Subsequent Reset Period as the sum of the relevant Reset Rate plus the relevant Margin;

**“Swap Rate Period”** means the period or periods specified as such in the Final Terms;

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

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

(c) *Interest on Floating Rate Notes*

(i) *Interest Payment Dates*

Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 4(g). Such Interest Payment Date(s) is/are either specified in the Final Terms as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are specified in the Final Terms, Interest Payment Date shall mean each date which falls the number of months or other period specified in the Final Terms as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified in the Final Terms and the provisions below relating to any of ISDA Determination, Screen Rate Determination and/or Linear Interpolation shall apply, depending upon which is specified in the Final Terms.

(A) *ISDA Determination for Floating Rate Notes*

Where ISDA Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), “ISDA Rate” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap

Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (w) the Floating Rate Option is as specified in the Final Terms;
- (x) the Designated Maturity is a period specified in the Final Terms;
- (y) the relevant Reset Date is the first day of that Interest Accrual Period (unless otherwise specified in the Final Terms); and
- (z) if the Floating Rate Option is an Overnight Floating Rate Option:
  - (1) Compounding with Lookback is applicable if specified in the Final Terms;
  - (2) Compounding with Observation Period Shift is applicable if specified in the Final Terms and, if so, Set-in-Advance is applicable if specified as such in the Final Terms;
  - (3) Compounding with Lockout is applicable if specified in the Final Terms; or
  - (4) OIS Compounding is applicable if specified in the Final Terms; and
  - (5) in connection with the Overnight Rate Compounding Method, references in the ISDA Definitions to numbers, financial centres or other items specified in the Confirmation shall be deemed to be references to the numbers, financial centres or other items specified for such purpose in the Final Terms and references in the ISDA Definitions to "Calculation Period", "Floating Rate Day Count Fraction", "Period End Date", "Termination Date" and "Effective Date" shall be deemed to be references to the relevant Interest Accrual Period, Day Count Fraction, Interest Period Date, the final Interest Period Date and the Interest Commencement Date respectively;

provided that, if no Rate of Interest can be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined by the Calculation Agent in its sole and absolute discretion (though applying the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest, if any, relating to the Interest Accrual Period), failing which the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Notes on the Interest Commencement Date (though substituting, where a different Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

For the purposes of this sub-paragraph (A), "Calculation Agent", "Compounding with Lockout", "Compounding with Lookback", "Compounding with Observation Period

Shift”, “Confirmation”, “Designated Maturity”, “Floating Rate”, “Floating Rate Option”, “OIS Compounding”, “Overnight Floating Rate Option”, “Overnight Rate Compounding Method”, “Reset Date” and “Swap Transaction” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes

(I) If “Applicable – Term Rate” is specified as the method of Screen Rate Determination in the applicable Final Terms:

(i) the Rate of Interest for each Interest Accrual Period will, subject as provided below and subject to Condition 4(j), be either:

(A) the offered quotation; or

(B) the arithmetic mean of the offered quotations,

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

(ii) If the Relevant Screen Page is not available or if sub-paragraph (i)(A) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (i)(B) above applies and fewer than three such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is EURIBOR, the principal Eurozone office of each of the Reference Banks or, if the Reference Rate is BBSW, the principal Sydney office of the five financial institutions authorised to quote on the BBSW Page or, if the Reference Rate is CDOR, the principal Toronto office of each of the Reference Banks or, if the Reference Rate is NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations, plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Calculation Agent.

(iii) If, where paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the sum of (A) the applicable

Margin (if any) (which may be positive or negative, as indicated in the applicable Final Terms) and (B) the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered at the Relevant Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is EURIBOR, the Eurozone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which at the Relevant Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Bank suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is EURIBOR, the Eurozone inter-bank market or, if the Reference Rate is BBSW, the Sydney inter-bank market or, if the Reference Rate is CDOR, the Toronto inter-bank market or, if the Reference Rate is NIBOR, the Oslo inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph (iii), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest applicable to such Notes on the Interest Commencement Date (though substituting, where a different Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

- (II) If “Applicable – Overnight Rate” is specified as the method of Screen Rate Determination in the applicable Final Terms:
  - (i) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being “Compounded Daily”, the Rate of Interest for each Interest Accrual Period will, subject to

Condition 4(j) and Condition 4(k) (as applicable) and as provided below, be the Compounded Daily Reference Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any), where:

**“Compounded Daily Reference Rate”** means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment in the Specified Currency (with the applicable Reference Rate (as indicated in the applicable Final Terms and further provided for below) as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the relevant Interest Determination Date:

- (i) as further specified in the applicable Final Terms; or
- (ii) (if “Index Determination” is specified as being applicable in the applicable Final Terms) in accordance with the following formula, and the resulting percentage will be rounded if necessary to the Relevant Decimal Place:

$$\frac{\text{Compounded Index}_{END}}{\text{Compounded Index}_{START}} - 1) \times \frac{\text{Numerator}}{d}$$

where:

**“Compounded Index<sub>END</sub>”** means the Compounded Index Value on the last day of the relevant Index Observation Period;

**“Compounded Index<sub>START</sub>”** means the Compounded Index Value on the first day of the relevant Index Observation Period;

**“Compounded Index Value”** shall mean any of (i) SONIA Compounded Index Value (if “SONIA Compounded Index” is specified as applicable in the applicable Final Terms); (ii) SOFR Compounded Index Value (if “SOFR Compounded Index” is specified as applicable in the applicable Final Terms); or (iii) SARON Compounded Index Value (if “SARON Compounded Index” is specified as applicable in the applicable Final Terms);

**“d”** is the number of calendar days in the relevant Index Observation Period;

**“Index Business Days”** means, in the case of the SONIA Compounded Index, London Banking Days, in the case of the SOFR Compounded Index, U.S. Government Securities Business Days, and, in the case of SARON Compounded Index, Zurich Banking Days;

**“Index Observation Period”** means, in respect of an Interest Accrual Period, the period from and including the date falling the Relevant Number of Index Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is the Relevant Number of Index Business Days prior to (i) the Interest Period Date for such Interest Accrual Period, or (ii) (if applicable) the date falling the Relevant Number of Index Business Days prior to such earlier date, if any, on which the Notes become due and payable;

**“London Banking Day”** means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

**“Numerator”** shall, unless otherwise specified in the applicable Final Terms, be 365 in the case of the SONIA Compounded Index and 360 in the case of the SOFR Compounded Index and the SARON Compounded Index;

**“Relevant Decimal Place”** shall, unless otherwise specified in the applicable Final Terms, be the fifth decimal place in the case of the SONIA Compounded Index, the sixth decimal place in the case of the SARON Compounded Index and the seventh decimal place in the case of the SOFR Compounded Index, in each case rounded up or down, if necessary (with 0.000005 or, as the case may be, 0.0000005 being rounded upwards);

**“Relevant Number”** shall, unless otherwise specified in the applicable Final Terms, be five in the case of the SONIA Compounded Index and the SARON Compounded Index and two in the case of the SOFR Compounded Index;

**“SARON Compounded Index”** means the index known as the SARON Index administered by the SARON Administrator (or any successor administrator thereof);

**“SARON Compounded Index Value”** means, in relation to any Zurich Banking Day and subject as provided below, the value of the SARON Compounded Index as published on the SIX Group’s Website at 6:00 p.m. (Zurich time) on such Zurich Banking Day;

**“SOFR Administrator’s Website”** means the website of the Federal Reserve Bank of New York, or any successor source;

**“SOFR Compounded Index”** means the index known as the SOFR Index administered by the Federal Reserve Bank of New York (or any successor administrator thereof);

**“SOFR Compounded Index Value”** means, in relation to any U.S. Government Securities Business Day and subject as provided



below, the value of the SOFR Compounded Index as published on the SOFR Administrator's Website at 3:00 p.m. (New York City time) on such U.S. Government Securities Business Day;

**"SONIA Compounded Index"** means the index known as the SONIA Compounded Index administered by the Bank of England (or any successor administrator thereof);

**"SONIA Compounded Index Value"** means, in relation to any London Banking Day and subject as provided below, the value of the SONIA Compounded Index as published by authorised distributors on the Relevant Screen Page on such London Banking Day or, if the value of the SONIA Compounded Index cannot be obtained from the Relevant Screen Page, as published on the Bank of England's website at [www.bankofengland.co.uk/boeapps/database/](http://www.bankofengland.co.uk/boeapps/database/) (or such other page or website as may replace such page for the purposes of publishing the SONIA Compounded Index) in respect of such London Banking Day; and

**"Zurich Banking Day"** means a day on which banks are open in the City of Zurich for the settlement of payments and of foreign exchange transactions.

Notwithstanding the definitions of SOFR Compounded Index, SONIA Compounded Index and SARON Compounded Index above, if:

- (1) (where SONIA Compounded Index applies to the Notes) a Benchmark Event has not occurred in respect of SONIA;
- (2) (where SOFR Compounded Index applies to the Notes) a Benchmark Transition Event and its related Benchmark Replacement Date has not occurred in respect of SOFR; or
- (3) (where SARON Compounded Index applies to the Notes) a SARON Benchmark Event has not occurred in respect of SARON,

with respect to any Interest Accrual Period, the relevant Compounded Index <sub>START</sub> and/or Compounded Index <sub>END</sub> is not published as contemplated above, the Calculation Agent shall calculate the Rate of Interest for that Interest Accrual Period in accordance with Condition 4(c)(ii)(B)(II)(iii) as if Index Determination was not specified in the applicable Final Terms as being applicable. For these purposes, (i) the Reference Rate shall be deemed to be SONIA (in the case of SONIA Compounded

Index); SOFR (in the case of SOFR Compounded Index) and SARON (in the case of SARON Compounded Index), (ii) the Calculation Method shall be deemed to be Compounded Daily, (iii) the Observation Method shall be deemed to be Observation Shift, (iv) 'D' shall be deemed to be the Numerator, (v) the Observation Shift Period (and thus, 'p') shall be deemed to be the Relevant Number and (vi) in the case of SONIA, the Relevant Screen Page will be determined by the Bank in consultation with the Calculation Agent.

If, where SONIA Compounded Index applies to the Notes, a Benchmark Event has occurred in respect of SONIA, the provisions of Condition 4(j)A shall apply *mutatis mutandis* in respect of this Condition 4(c)(ii)(B)(II)(ii).

If, where SOFR Compounded Index applies to the Notes, a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in respect of SOFR, the provisions of Condition 4(j)B shall apply *mutatis mutandis* in respect of this Condition 4(c)(ii)(B)(II)(ii).

If, where SARON Compounded Index applies to the Notes, and a SARON Benchmark Event has occurred in respect of SARON, the provisions of Condition 4(k) shall apply *mutatis mutandis* in respect of this Condition 4(c)(ii)(B)(II)(ii); or

- (iii) (if "Index Determination" is specified as being not applicable in the applicable Final Terms or "Index Determination" is specified as being applicable in the applicable Final Terms but such screen rate or index is not available at the relevant time on the Interest Determination Date), as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{r_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

"D" is the number specified in the applicable Final Terms;

"d" is the number of calendar days in:

- a. where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- b. where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

“**d<sub>o</sub>**” means:

- a. where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the number of Business Days in the relevant Interest Accrual Period; or
- b. where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of Business Days in the relevant Observation Period;

“**i**” is a series of whole numbers from one to d<sub>o</sub>, each representing the relevant Business Day in chronological order from, and including, the first Business Day in:

- a. where “Lag” or “Lock-out” is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or
- b. where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

“**Business Day**” or “**BD**”, in this Condition 4(c)(ii)(B)(II) has the meaning set out in Condition 4(I), save that where “SOFR” is specified as the Reference Rate, it means a U.S. Government Securities Business Day;

“**n<sub>i</sub>**”, for any Business Day “**i**”, means the number of calendar days from and including such Business Day “**i**” up to but excluding the following Business Day;

“**Observation Period**” means, in respect of an Interest Accrual Period, the period from and including the date falling “**p**” Business Days prior to the first day of the relevant Interest Accrual Period and ending on, but excluding, the date which is “**p**” Business Days prior to the Interest Period Date for such Interest Accrual Period (or the date falling “**p**” Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“**p**” means:

- a. where “Lag” is specified as the Observation Method in the applicable Final Terms, the number of Business Days included in the Lag Look-Back Period specified in the applicable Final Terms (or, if no such number is specified five Business Days); or
- b. where “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the number of Business Days specified as the Observation Shift Period in the applicable Final Terms (or, if no such number is specified, five Business Days);

“r” means in respect of the relevant Reference Rate:

- a. where in the applicable Final Terms “Lag” or “Observation Shift” is specified as the Observation Method, in respect of any Business Day, the relevant Reference Rate in respect of such Business Day;
- b. where in the applicable Final Terms “Lock-out” is specified as the Observation Method:
  1. in respect of any Business Day “i” that is a Reference Day, the relevant Reference Rate in respect of the Business Day immediately preceding such Reference Day, and
  2. in respect of any Business Day “i” that is not a Reference Day (being a Business Day in the Lock-out Period), the relevant Reference Rate in respect of the Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); and

“ri” means the applicable Reference Rate as set out in the definition of “r” above for:

- a. where “Lag” is specified as the Observation Method in the applicable Final Terms, the Business Day falling “p” Business Days prior to the relevant Business Day “i”; or
  - b. where “Lock-out” or “Observation Shift” is specified as the Observation Method in the applicable Final Terms, the relevant Business Day “i”.
- (ii) where the Calculation Method in respect of the relevant Series of Floating Rate Notes is specified in the applicable Final Terms as being “Weighted Average”, the Rate of Interest for each Interest Accrual Period will, subject to Condition 4(j) and as provided below, be the Weighted Average Reference Rate (as defined below) plus or minus (as indicated in the applicable Final Terms) the Margin and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Final Terms) on the Interest Determination Date and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards, where:

“Weighted Average Reference Rate” means:

- a. where “Lag” is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant Reference Rate by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall be deemed to be the Reference

Rate in effect for the Business Day immediately preceding such calendar day; and

- b. where “Lock-out” is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the Reference Rate in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant Reference Rate by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, provided however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant Reference Rate for each day during that Lock-out Period will be deemed to be the Reference Rate in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes the Reference Rate in effect for any calendar day which is not a Business Day shall, subject to the proviso above, be deemed to be the Reference Rate in effect for the Business Day immediately preceding such calendar day.
- (iii) subject to Condition 4(j), where “SONIA” is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, SONIA is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such Reference Rate shall be:
  - 1. (i) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at close of business on the relevant Business Day; plus (ii) the mean of the spread of SONIA to the Bank Rate over the previous five days on which SONIA has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate, or
  - 2. if such Bank Rate is not available, the SONIA rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding Business Day on which the SONIA rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors),

and in each case, “r” shall be interpreted accordingly.

- (iv) subject to Condition 4(j), where “SOFR” is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available, such Reference Rate shall be the SOFR for the first preceding Business Day on which the SOFR was published on the New York Fed’s Website, and “r” shall be interpreted accordingly.
- (v) subject to Condition 4(j), where “€STR” is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available, such Reference Rate shall be the €STR for the first preceding Business Day on which €STR was published by

the European Central Bank on its website, and “r” shall be interpreted accordingly.

- (vi) subject to Condition 4(k), where “SARON” is specified as the relevant Reference Rate in the applicable Final Terms, if, in respect of any Business Day, the Reference Rate is not available on the SIX Group’s Website at the Specified Time and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have not both occurred at or prior to the Specified Time on such Business Day, such Reference Rate shall be the SARON for the last preceding Business Day on which SARON was published by the SARON Administrator on the SIX Group’s Website, and “r” shall be interpreted accordingly.
- (vii) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions, but without prejudice to Condition 4(j), the Rate of Interest shall be (i) that determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Accrual Period) or (ii) if there is no such preceding Interest Determination Date, the Initial Rate of Interest which would have been applicable to such Series of Notes for the first Interest Accrual Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Accrual Period but ending on (and excluding) the Interest Commencement Date (but applying the Margin and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Accrual Period).

If the relevant Series of Notes become due and payable in accordance with Condition 9, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(C) Linear Interpolation

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

which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(d) *Zero Coupon Notes*

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the due date for redemption, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield specified in the Final Terms.

(e) *Accrual of Interest*

Interest (if any) shall cease to accrue on each Note (or in the case of the redemption of part only of a Note, that part only of such Note) on the due date for redemption thereof unless (upon due presentation thereof where presentation is required), payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event, interest shall continue to accrue or, in the case of Zero Coupon Notes, shall accrue (in each case, both before and after judgment) at the Rate of Interest in the manner provided in this Condition 4 to (but excluding) the Relevant Date (as defined in Condition 7).

(f) *Margin, Maximum Rate of Interest, Minimum Rates of Interest, Redemption Amounts and Rounding*

- (i) If any Margin is specified in the Final Terms (either (A) generally, (B) in relation to one or more Interest Accrual Periods or (C) in relation to one or more Reset Periods), an adjustment shall, unless the relevant Margin has already been taken into account in determining such Rate of Interest, be made to all Rates of Interest, in the case of (A), or the Rates of Interest for the specified Interest Accrual Periods or Reset Periods, in the case of (B) or (C), calculated, in each case, in accordance with this Condition 4 by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin subject always (in the case of Floating Rate Notes only) to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest or Redemption Amount is specified in the Final Terms, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be. Further, unless otherwise stated in the Final Terms, the Minimum Rate of Interest shall be deemed to be zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (A) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (B) all figures shall be rounded to seven significant figures (with halves being rounded up) and (C) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of Yen, which shall be rounded down to the nearest Yen. For these purposes “**unit**” means the lowest amount of such currency that is available as legal tender in the country of such currency.

(g) *Calculations*

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

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts*

The Calculation Agent shall as soon as practicable on each Interest Determination Date, Reset Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period (or, if determining the First Reset Rate of Interest or a Subsequent Reset Rate of Interest in respect of Fixed Rate Reset Notes, the Interest Amount for each Interest Accrual Period falling within the relevant Reset Period) calculate the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount to be notified to the Trustee, the Bank, each of the Paying Agents, the Registrar, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange or admitted to listing by another relevant authority and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(i), the Interest Amounts, the Rate of Interest and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and repayable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall, subject in the case of the Compounded Daily Reference Rate and Weighted Average Reference Rate to Condition 4(c)(ii)(B), nevertheless continue to be calculated as previously in accordance with this Condition 4 but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding on all parties.



(i) *Business Day Convention*

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

- (i) the “Floating Rate Business Day Convention”, for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen;
- (ii) the “Following Business Day Convention (Adjusted)”, for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day;
- (iii) the “Following Business Day Convention (Unadjusted)”, (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be postponed to the next day that is a Business Day;
- (iv) the “Modified Following Business Day Convention (Adjusted)”, for all purposes (including interest accrual purposes), such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day; or
- (v) the “Modified Following Business Day Convention (Unadjusted)”, (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day;
- (vi) the “Preceding Business Day Convention (Adjusted)”, for all purposes (including interest accrual purposes), such date shall be brought forward to the immediately preceding Business Day; and
- (vii) the “Preceding Business Day Convention (Unadjusted)”, (a) for the purposes of calculating any amount of interest payable under the Notes, such date shall not be adjusted; and (b) for any other purpose, such date shall be brought forward to the immediately preceding Business Day.

(j) *Benchmark discontinuation*

This Condition 4(j) does not apply in the case of Notes where “Applicable – Overnight Rate” is specified in the applicable Final Terms as the method of Screen Rate Determination and the Reference Rate is SARON.

- A. Subject to Condition 4(j)B below and notwithstanding the provisions above in Conditions 4(b) or 4(c), if a Benchmark Event occurs in relation to an Original Reference Rate when any required 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 4(j)A shall apply.

(i) *Independent Adviser*

The Bank shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Bank in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(j)A(ii)) and, in either case, an

Adjustment Spread (in accordance with Condition 4(j)A(iii)) and any Benchmark Amendments (in accordance with Condition 4(j)A(iv)).

(ii) *Successor Rate or Alternative Rate*

If the Bank, 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 relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(j)); 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 relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4(j)).

(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 relevant 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 4(j)A and the Bank, 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 Bank shall, subject to giving notice thereof in accordance with Condition 4(j)C, without any requirement for the consent or approval of Noteholders, 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 Bank, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Bank pursuant to Condition 4(j)C, the Trustee shall (at the expense of the Bank), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Bank 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 4(j)A(iv), the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

- B. Notwithstanding the provisions above in Conditions 4(b) or 4(c), if the Original Reference Rate is SOFR and unless “Benchmark Transition Event” is specified as being not applicable in the Final Terms, when any required 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 4(j)B shall apply instead of the application of Condition 4(j)A above.

If the Bank determines on or prior to the Relevant Time on the relevant Interest Determination Date that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to the Original Reference Rate, the Benchmark Replacement will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 4(j)B with respect to such Benchmark Replacement).

Where this Condition 4(j)B applies, if the Bank considers it may be necessary to make Benchmark Replacement Conforming Changes, the Bank shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Bank in determining (A) whether such Benchmark Replacement Conforming Changes are necessary and (B) the terms of the Benchmark Replacement Conforming Changes and the Bank shall, subject to giving notice thereof in accordance with Condition 4(j)C, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Trust Deed to give effect to such Benchmark Replacement Conforming Changes, with effect from the date specified in such notice.

At the request of the Bank, but subject to receipt by the Trustee of a certificate signed by two authorised signatories of the Bank pursuant to Condition 4(j)C, the Trustee shall (at the expense of the Bank), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Bank in effecting any Benchmark Replacement Conforming Changes (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 4(j)B, the Bank shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

For the purposes of this Condition 4:

“**Benchmark Replacement**” means the first alternative set forth in the order below that can be determined by the Bank as of the Benchmark Replacement Date:

- (A) the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (B) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment;  
or
- (C) the sum of: (a) the alternate rate of interest that has been selected by the Bank as the replacement for the Original Reference Rate for the applicable Corresponding Tenor

giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment.

**“Benchmark Replacement Adjustment”** means the first alternative set forth in the order below that can be determined by the Bank as of the Benchmark Replacement Date:

- (A) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (B) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (C) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Bank giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time.

**“Benchmark Replacement Conforming Changes”** means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any interest period, interest accrual period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Bank (in consultation with the Independent Adviser) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Bank (in consultation with the Independent Adviser) determines is reasonably necessary).

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (A) in the case of clause (A) or (B) of the definition of “Benchmark Transition Event,” the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or
- (B) in the case of clause (C) of the definition of “Benchmark Transition Event,” the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than, the Relevant Time on the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to the Relevant Time for such determination.

**“Benchmark Transition Event”** means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (A) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (B) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (C) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative.

**“Corresponding Tenor”** means with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate.

**“ISDA Fallback Adjustment”** means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate.

**“ISDA Fallback Rate”** means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

**“Relevant Governmental Body”** means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

**“Unadjusted Benchmark Replacement”** means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

C. Notices, etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes, determined under this Condition 4(j) will be notified promptly by the Bank to the Trustee, the Calculation Agent, the Paying Agents and, in accordance with Condition 14, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments and Benchmark Replacement Conforming Changes, if any.

No later than notifying the Trustee of the same, the Bank shall deliver to the Trustee a certificate signed by two authorised signatories of the Bank:

- (A) where a Benchmark Event in relation to an Original Reference Rate has occurred in accordance with Condition 4(j)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 4(j);
  - (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 Bank 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 Bank has not done so; or
- (B) where a Benchmark Replacement is determined in accordance with Condition 4(j)B above:
  - (I) confirming (i) that a Benchmark Transition Event has occurred, (ii) the Benchmark Replacement determined in accordance with Condition 4(j)B, specifying (1) the applicable Reference Rate for such purposes (whether the alternate rate selected or recommended by the Relevant Governmental Body, the ISDA Fallback Rate or an alternate rate selected by the Bank) and (2) the applicable Benchmark Replacement Adjustment (if any), and (iii) the specific terms of the Benchmark Replacement Conforming Changes (if any);
  - (II) certifying that the Benchmark Replacement Conforming Changes (if any) are necessary to ensure the proper operation of such Benchmark Replacement; and
  - (III) certifying that (i) the Bank 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 Bank 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) or, as the case may be, the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and the Benchmark Replacement Conforming Changes (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 Bank, the Trustee, the Calculation Agent, the Paying Agents and the Noteholders.

- D. Without prejudice to the obligations of the Bank under Condition 4(j)A or Condition 4(j)B, the Original Reference Rate and the fallback provisions provided for in Condition 4(b), Condition 4(c)(ii)(A), or Condition 4(c)(ii)(B), as applicable, will continue to apply unless and until the Calculation Agent has been notified of (i) 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 4(j)A or (ii) the Benchmark Replacement (including any Benchmark Replacement Adjustment, if applicable) and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 4(j)B, in each case in accordance with Condition 4(j)C.

An Independent Adviser appointed pursuant to this Condition 4(j) 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 Agents, or the Noteholders for any advice given to the Bank in connection with any determination made by the Bank, pursuant to this Condition 4(j).

In making any determination pursuant to this Condition 4(j), the Bank shall act in good faith and, in the absence of bad faith or fraud, the Bank shall have no liability whatsoever to the Trustee, the Calculation Agent, the Paying Agents, or the Noteholders for any such determination made by it.

(k) *Additional provisions relating to SARON*

- (i) If SARON is not published on the SIX Group's Website at the Specified Time on a relevant Business Day and a SARON Index Cessation Event and a SARON Index Cessation Effective Date have both occurred at or prior to the Specified Time on such Business Day (such event, the "**SARON Benchmark Event**"), then, in respect of such Business Day and (subject to the further operation of this Condition 4(k), if applicable) each Business Day thereafter, SARON will be replaced with:

- (x) if there is a Recommended Replacement Rate within one Business Day of the SARON Index Cessation Effective Date, the Recommended Replacement Rate for such Business Day, giving effect to the Recommended Adjustment Spread, if any, published on such Business Day; or
- (y) if there is no Recommended Replacement Rate within one Business Day of the SARON Index Cessation Effective Date, the policy rate of the Swiss National Bank (the "**SNB Policy Rate**") for such Business Day, giving effect to the SNB Adjustment Spread, if any.

Notwithstanding the above, if the SNB Policy Rate for any Business Day with respect to which SARON is to be determined pursuant to paragraph (i)(y) above has not been published on such Business Day, then in respect of such Business Day (the "**Affected Business Day**") and each Business Day thereafter, SARON will be replaced by the Replacement Rate, if any, determined in accordance with Condition 4(k)(iii) for purposes of determining the Rate of Interest.

- (ii) If the Calculation Agent (A) is required to use a Recommended Replacement Rate or the SNB Policy Rate pursuant to paragraphs (i)(x) or (i)(y) above for purposes of determining SARON for any Business Day, and (B) determines that any changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, Observation Period, SARON, SARON Administrator, SIX Group's Website or Specified Time are necessary in order to use such Recommended Replacement Rate (and any Recommended Adjustment Spread) or the SNB Policy Rate (and any SNB Adjustment Spread),

as the case may be, for such purposes, such definitions will be amended as contemplated in Condition 11(b) to reflect such changes, and the Bank shall give notice as soon as practicable to the Trustee, the Calculation Agent, the Issuing and Paying Agent, the other Paying Agents and, in accordance with Condition 14, the Noteholders, specifying the Recommended Replacement Rate and any Recommended Adjustment Spread or, as the case may be, indicating that the SNB Policy Rate will be used and specifying any SNB Adjustment Spread, as applicable, and the amendments implemented pursuant to Condition 11(b).

- (iii) Unless the Bank has elected to redeem the Notes in accordance with Condition 5, the Bank will appoint a “Replacement Rate Agent” on or prior to the first relevant Business Day (a) with respect to which SARON is to be determined pursuant to paragraph (i)(y) above and (b) for which the SNB Policy Rate has not been published thereon. The Bank may appoint an affiliate of the Bank or any other person as Replacement Rate Agent, so long as such affiliate or other person is a leading financial institution that is experienced in the calculations or determinations to be made by the Replacement Rate Agent. The Bank will notify the Noteholders of any such appointment in accordance with Condition 14.
- (iv) If the conditions set out in the last paragraph of Clause 4(k)(i) above have been satisfied, then the Replacement Rate Agent will determine whether to use an alternative rate to SARON for the Affected Business Day and for all subsequent Business Days in the Observation Period in which the Affected Business Day falls (the “**Affected SARON Observation Period**”) and all Observation Periods thereafter. If the Replacement Rate Agent determines to use an alternative rate pursuant to the immediately preceding sentence, it shall select such rate that it has determined is most comparable to the Swiss Average Rate Overnight (the “**Existing Rate**”), provided that if it determines that there is an appropriate industry-accepted successor rate to the Existing Rate, it shall use such industry-accepted successor rate. If the Replacement Rate Agent has determined an alternative rate in accordance with the foregoing (such rate, the “**Replacement Rate**”), for the purposes of determining the Rate of Interest, (a) the Replacement Rate Agent shall determine (A) the method for obtaining the Replacement Rate (including any alternative method for determining the Replacement Rate if such alternative rate is unavailable on the relevant Interest Determination Date), which method shall be consistent with industry-accepted practices for the Replacement Rate, and (B) any adjustment factor as may be necessary to make the Replacement Rate comparable to the Existing Rate consistent with industry-accepted practices for the Replacement Rate, (b) for the Affected Business Day and all subsequent Business Days in the Affected SARON Observation Period and all Observation Periods thereafter, references to SARON in these Conditions shall be deemed to be references to the Replacement Rate, including any alternative method for determining such rate and any adjustment factor as described in paragraph (a) above, (c) if the Replacement Rate Agent determines that changes to the definitions of Business Day Convention, Day Count Fraction, Interest Determination Date, Interest Payment Date, Interest Accrual Period, SARON, Observation Period or Specified Time are necessary in order to implement the Replacement Rate as SARON, such definitions will be amended as contemplated in Condition 11(b) to reflect such changes, and (d) the Bank shall give notice as soon as practicable to the Trustee, the Calculation Agent, the Issuing and Paying Agent, the other Paying Agents and, in accordance with Condition 14, the Noteholders, specifying the Replacement Rate, as well as the details described in paragraph (a) above, and the amendments implemented pursuant to Condition 11(b). Any determination to be made by the Replacement Rate Agent pursuant to this Condition 4(k)(iv), including any determination with respect to a rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any



decision to take or refrain from taking any action or any selection, will be made in the sole discretion of the Replacement Rate Agent acting in good faith and in a commercially reasonable manner.

(l) *Definitions*

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

“**€STR**” means, in respect of any Business Day, a reference rate equal to the daily euro short-term rate as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank (or of any successor administrator’s), in each case, at the time specified by, or determined in accordance with, the applicable methodology, policies or guidelines, of the administrator of such rate on the Business Day immediately following such Business Day.

“**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 Bank, 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 Bank determines there is no such spread, formula or methodology customarily applied, the Bank 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 Bank determines in accordance with Condition 4(j)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 Specified Currency as the Notes.

“**BBSW**” means the Australian Bank Bill Swap rate.

“**BBSW Page**” means the “BBSW” page on the Bloomberg Monitor System (or page of a successor service) as may replace such page for the purpose of displaying the BBSW.

“**Benchmark Amendments**” has the meaning given to it in Condition 4(j)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 Notes, 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, with effect from a date after 31 December 2021, 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 Interest Determination Date or Reset Determination Date, as applicable, become unlawful for any Paying Agent, the Calculation Agent or the Bank to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011 or Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018, 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.

**“Business Day”** means:

- (i) in the case of a currency other than euro and Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; or
- (ii) in the case of euro, a day on which the TARGET System is operating (a **“TARGET Business Day”**); or
- (iii) in the case of Renminbi, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets in Hong Kong are open for business and settlement of Renminbi payments; and
- (iv) a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in any Business Centre(s) specified in the Final Terms.

**“CDOR”** means the Canadian dollar bankers’ acceptances rate.

“**CMU Notes**” means Notes denominated in any lawful currency which the CMU Service accepts for settlement from time to time that are, or are intended to be, cleared through the CMU Service.

“**CMU Service**” or “**CMU**” means the Central Moneymarkets Unit Service operated by the HKMA.

“**Calculation Amount**” means the amount by reference to which the Interest Amount and the Final Redemption Amount are calculated as specified in the Final Terms.

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

- (i) if “**Actual/365**” or “**Actual/Actual**” or “**Actual/Actual – ISDA**” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “**Actual/365 (Fixed)**” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if “**Actual/360**” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 360;
- (iv) if “**30/360**”, “**360/360**” or “**Bond Basis**” is specified in the Final Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

- (vii) if “**Actual/Actual (Canadian Compound Method)**” is specified in the Final Terms, (A) for a year comprised of two equal semi-annual fixed rate Interest Periods, the day count fraction will be 30/360 as described in (iv) above and (B) for any other periods, the day count fraction will be Actual/365 (Fixed) as described in (ii) above; and
- (viii) if “**Actual/Actual ICMA**” is specified in the Final Terms:
- (A) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in such Calculation Period divided by the product of:
- (x) the number of days in such Determination Period; and

- (y) the number of Determination Periods normally ending in any year; or
- (B) if the Calculation Period is longer than one Determination Period, the sum of:
  - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year; and
  - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (i) the number of days in such Determination Period and (ii) the number of Determination Periods normally ending in any year;

where:

**“Determination Period”** means the period from and including a Determination Date (as specified in the Final Terms) in any year to but excluding the next Determination Date; and

**“Determination Date”** means the date specified as such in the Final Terms or, if none is so specified, the Interest Payment Date.

**“euro”** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

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

**“Hong Kong”** means the Hong Kong Special Administrative Region of the Peoples’ Republic of China.

**“HKMA”** means the Hong Kong Monetary Authority appointed pursuant to Section 5A of the Exchange Fund Ordinance (Cap. 66 of the Laws of Hong Kong) or its successors.

**“Independent Adviser”** means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Bank at its own expense under Condition 4(j)A(i) and/or Condition 4(j)B.

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

**“Interest Amount”** means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified in the Final Terms, shall mean the Fixed Coupon Amount or Broken Amount specified in the Final Terms as being payable on the Interest Payment Date ending on the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

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

**“Interest Determination Date”** means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such in the Final Terms or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Canadian dollars, Sterling or Renminbi or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is not Sterling, euro or Renminbi or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

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

**“Interest Period Date”** means each Interest Payment Date unless otherwise specified in the Final Terms.

**“ISDA Definitions”** means (i) unless otherwise specified in the Final Terms or if “2006” is specified in the Final Terms, the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., and in respect of the Notes, as amended and supplemented up to and including the Issue Date for the first Tranche of the Notes; or (ii) if “2021” is specified in the Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions, as published by the International Swaps and Derivatives Association, Inc., and in respect of the Notes as at the Issue Date for the first Tranche of the Notes; or (iii) as otherwise specified in the Final Terms.

**“Lock-out Period”** means the period from, and including, the day following the Interest Determination Date to, but excluding, the corresponding Interest Period Date.

**“NIBOR”** means the Norwegian kroner interbank offered rate.

**“New York Fed’s Website”** means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source.

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

**“PRC”** means the People’s Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

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

**“Recommended Adjustment Spread”** means, with respect to any Recommended Replacement Rate, the spread (which may be positive, negative or zero), or formula or methodology for calculating such a spread:

- (i) that the Recommending Body has recommended be applied to such Recommended Replacement Rate in the case of fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon; or
- (ii) if the Recommending Body has not recommended such a spread, formula or methodology as described in paragraph (i) above, to be applied to such Recommended Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Swiss Average Rate Overnight with such Recommended Replacement Rate for purposes of determining SARON, which spread will be determined by the Bank, following consultation with the Independent Adviser, and be consistent with industry-accepted practices for fixed income securities with respect to which such Recommended Replacement Rate has replaced the Swiss Average Rate Overnight as the reference rate for purposes of determining the applicable rate of interest thereon;

**“Recommended Replacement Rate”** means the rate that has been recommended as the replacement for the Swiss Average Rate Overnight by the Recommending Body.

**“Recommending Body”** means any working group or committee in Switzerland organised in the same or a similar manner as the National Working Group on Swiss Franc Reference Rates that was founded in 2013 for purposes of, among other things, considering proposals to reform reference interest rates in Switzerland.

**“Reference Banks”** means, in the case of a determination of EURIBOR, the principal Eurozone office of four major banks in the Eurozone inter-bank market, in the case of a determination of BBSW, the principal Sydney office of the five financial institutions authorised to quote on the BBSW Page, in the case of CDOR, the principal Toronto office of four major Canadian Schedule 1 chartered banks, and, in the case of NIBOR, the principal Oslo office of four major banks in the Oslo inter-bank market, in each case selected by the Bank or as specified in the Final Terms.

**“Reference Day”** means each Business Day in the relevant Interest Accrual Period, other than any Business Day in the Lock-out Period.

**“Reference Rate”** means the rate specified as such in the Final Terms.

**“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.

**“Relevant Screen Page”** means such page, section, caption, column or other part of a particular information service as may be specified in the Final Terms (or any successor or replacement page, section, caption, column or other part of a particular information service).

**“Relevant Time”** means the time specified as such in the Final Terms.

**“Renminbi”** means the lawful currency of the People’s Republic of China.

**“SARON”** means, in respect of any Business Day, a reference rate equal to the daily Swiss Average Rate Overnight as published by the SARON Administrator on the SIX Group’s Website at the Specified Time on such Business Day.

**“SARON Administrator”** means SIX Financial Information AG (including any successor thereto) or any successor administrator of the Swiss Average Rate Overnight.

**“SARON Index Cessation Effective Date”** means the earliest of:

- (i) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (i) of the definition thereof, the date on which the SARON Administrator ceases to provide the Swiss Average Rate Overnight;
- (ii) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (ii)(x) of the definition thereof, the latest of:
  - a. the date of such statement or publication;
  - b. the date, if any, specified in such statement or publication as the date on which the Swiss Average Rate Overnight will no longer be representative; and
  - c. if a SARON Index Cessation Event described in paragraph (ii)(y) of the definition thereof has occurred on or prior to either or both dates specified in paragraphs a. and b. of this paragraph (ii), the date as of which the Swiss Average Rate Overnight may no longer be used; and
- (iii) in the case of the occurrence of a SARON Index Cessation Event described in paragraph (ii)(y) of the definition thereof, the date as of which the Swiss Average Rate Overnight may no longer be used.

**“SARON Index Cessation Event”** means the occurrence of one or more of the following events:

- (i) a public statement or publication of information by or on behalf of the SARON Administrator, or by any competent authority, announcing or confirming that the SARON Administrator has ceased or will cease to provide the Swiss Average Rate Overnight permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Swiss Average Rate Overnight; or
- (ii) a public statement or publication of information by the SARON Administrator or any competent authority announcing that (x) the Swiss Average Rate Overnight is no longer representative or will as of a certain date no longer be representative, or (y) the Swiss Average Rate Overnight may no longer be used after a certain date, which statement, in the case of sub-clause (y), is applicable to (but not necessarily limited to) fixed income securities and derivatives.

**“SIX Group’s Website”** means the website of the SIX Group, or any successor website or other source on which the Swiss Average Rate Overnight or as the case may be, the SARON Index is published.

**“SNB Adjustment Spread”** means, with respect to the SNB Policy Rate, the spread (which may be positive, negative or zero) to be applied to the SNB Policy Rate in order to reduce or eliminate, to the extent reasonably practicable under the circumstances, any economic prejudice or benefit (as applicable) to Noteholders as a result of the replacement of the Swiss Average Rate Overnight with the SNB Policy



Rate for purposes of determining SARON, which spread will be determined by the Bank, following consultation with the Independent Adviser, taking into account the historical median between the Swiss Average Rate Overnight and the SNB Policy Rate during the two year period ending on the date on which the SARON Index Cessation Event occurred (or, if more than one SARON Index Cessation Event has occurred, the date on which the first of such events occurred).

“**SOFR**” unless the context otherwise requires, means, in respect of any Business Day, a reference rate equal to the daily Secured Overnight Financing Rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed’s Website, in each case on or about 5:00 p.m. (New York City Time) on the Business Day immediately following such Business Day.

“**SONIA**” unless the context otherwise requires, means, in respect of any Business Day, a reference rate equal to the daily Sterling Overnight Index Average rate for such Business Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors in each case on the Business Day immediately following such Business Day.

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

“**Specified Time**” means, in respect of any Business Day, close of trading on the trading platform of SIX Repo AG (or any successor thereto) on such Business Day, which is expected to be on or around 6:00 p.m. (Zurich time).

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

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

(m) *Calculation Agent*

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

(n) *Nature of the Return*

Any interest paid to the Noteholder shall constitute consideration paid for the use of the principal and for the assumption of the risk that the Noteholder may not recover its original investment or that its return may be variable.

## 5. Redemption, Purchase and Options

### (a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified in the Final Terms at its Final Redemption Amount(s) (which, unless otherwise provided in the Final Terms, is its nominal amount).

### (b) *Early Redemption*

#### (i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 5(c), Condition 5(d) or Condition 5(e) or upon it becoming due and repayable as provided in Condition 9, shall be the Amortised Face Amount (as defined and calculated below) of such Note unless otherwise specified in the Final Terms.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount(s) of such Note on the Maturity Date discounted back to the due date for payment at a rate per annum (expressed as a percentage) equal to the Amortisation Yield applied on a compounded or non-compounded basis as specified in the Final Terms (which, if none is specified in the Final Terms, shall be such rate (compounded annually) as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) (the “**Amortised Face Amount**”).
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c), Condition 5(d) or Condition 5(e) or upon it becoming due and repayable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as calculated in accordance with sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the “due date for payment” were replaced by a reference to the date on which the relevant amount is actually paid. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the date such amount is paid, unless such date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount(s) of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(e).

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

#### (ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in paragraph (i) above), upon redemption of such Note pursuant to Condition 5(c), Condition 5(d) or Condition 5(e) shall be the Final Redemption Amount(s) unless otherwise specified in the Final Terms.

(c) *Redemption for Taxation Reasons*

The Bank may at its option but subject to Condition 5(h), having given not less than 30 nor more than 60 days' notice in accordance with Condition 14, redeem all, but not some only, of the Notes outstanding on (if the Notes are Floating Rate Notes) the next Interest Payment Date or (if the Notes are not Floating Rate Notes) at any time at the Early Redemption Amount, together with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, if, at any time, the Bank shall satisfy the Trustee (immediately prior to the giving of the notice referred to above) that a Tax Event has occurred.

The Bank shall deliver to the Trustee an opinion of an independent lawyer or accountant satisfactory to the Trustee, in a form satisfactory to the Trustee, to the effect that a Tax Event exists. The Trustee may accept such opinion without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Bank, the Trustee, the Noteholders and the Couponholders, and the Trustee will not be responsible for any loss that may be occasioned by the Trustee's acting or relying on such opinion.

A "**Tax Event**" shall be deemed to have occurred if as a result of a Tax Law Change:

- (A) in making payment under the Notes, the Bank has or would on or before the next Interest Payment Date or the Maturity Date become obliged to pay additional amounts under Condition 7 (and such obligation cannot be avoided by the Bank taking reasonable measures available to it);
- (B) the payment of interest on the next Interest Payment Date or the Maturity Date in respect of any of the Notes would be treated as a "distribution" within the meaning of Chapter 2 of Part 23 of the Corporation Tax Act 2010 of the United Kingdom (or any statutory modification or re-enactment thereof for the time being); and/or
- (C) on the next Interest Payment Date or the Maturity Date the Bank would not be entitled to claim a deduction in respect of any payments in respect of the Notes in computing its United Kingdom taxation liabilities (or the value of such deduction to the Bank would be materially reduced);

In these Conditions, "**Tax Law Change**" means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any authority thereof or therein having the power to tax, including any treaty to which the United Kingdom is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Issue Date.

(d) *Redemption at the Option of the Bank*

If Call Option is specified as being applicable in the Final Terms, the Bank may at its option, on giving not less than 30 nor more than 60 days' irrevocable notice to the Noteholders and the Trustee (or such other notice period as may be specified in the Final Terms), redeem all or, if so provided, some only of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified in the Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)), together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum

Redemption Amount to be redeemed specified in the Final Terms and no greater than the Maximum Redemption Amount to be redeemed specified in the Final Terms.

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

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

*(e) Redemption at the Option of Noteholders*

If Put Option is specified as being applicable in the Final Terms in respect of the Notes, the Bank shall, at the option of the holder of any Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Bank (or such other notice period as may be specified in the Final Terms), redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount specified in the Final Terms (which may be the Early Redemption Amount (as described in Condition 5(b) above)), together with interest accrued to the date fixed for redemption.

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

*(f) Purchases*

The Bank or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company may, but is not obliged to, purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any Notes so purchased or otherwise acquired may, at the Bank's discretion, be held or resold or surrendered for cancellation.

*(g) Cancellation*

All Notes purchased by or on behalf of the Bank or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Bank, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Bank in respect of any such Notes shall be discharged.

*(h) Conditions to Redemption and Purchase*

Prior to the publication of any notice of redemption pursuant to this Condition 5 (other than redemption on the relevant Maturity Date), the Bank shall deliver to the Trustee a certificate signed by two Directors

of the Bank, in a form satisfactory to the Trustee, certifying that the relevant requirement or circumstance giving rise to the right to redeem is satisfied, including (in the case of a Tax Event) that a Tax Event (as defined in Condition 5(c) above) exists. The Trustee may accept such certificate without any further inquiry as sufficient evidence of the existence of the circumstances required to be established in which event it shall be conclusive and binding on the Bank, the Trustee, the Noteholders and the Couponholders and the Trustee will not be responsible for any loss that maybe occasioned by the Trustee's acting or relying on such certificate.

## **6. Payments and Talons**

### *(a) Bearer Notes*

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Notes (and, in the case of interest, as specified in Condition 6(f)(v)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be:

- (i) in the case of a currency other than euro or Renminbi, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency;
- (ii) in the case of euro, at the specified office of any Paying Agent outside the United States by a cheque payable in euro drawn on, or, at the option of the holder, by transfer to an account denominated in euro with, a bank in a city in which banks have access to the TARGET System; and
- (iii) in the case of Renminbi, by transfer to a Renminbi account maintained by or on behalf of the Noteholder with a bank in Hong Kong.

### *(b) Registered Notes*

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note shall be made:
  - (x) in the case of a currency other than Renminbi, in the relevant currency by a cheque drawn on a bank in the principal financial centre of such currency, subject as provided in Condition 6(a) above, and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 6(a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of such currency; and
  - (y) in the case of Renminbi, by transfer to the registered account maintained by or on behalf of the Noteholder with a bank in Hong Kong, details of which appear on the Register at the close of business on the fifth business day before the due date for payment.

(c) *Payments in the United States*

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

(d) *Payments subject to Fiscal Laws*

Save as provided in Condition 7, payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws and regulations to which the Bank or its respective Agents agree to be subject and the Bank will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements.

No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. The Bank reserves the right to require a Noteholder or Couponholder to provide a Paying Agent, the Registrar or a Transfer Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the United States federal income tax laws or any agreement between the Bank and any taxing authority.

(e) *Appointment of Agents*

The Issuing and Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents initially appointed by the Bank and their respective specified offices are listed below. Subject as provided in the Trust Deed and the Agency Agreement, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Bank reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes which may be the Registrar, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in Europe, which, so long as the Notes are listed on the official list (the “**Official List**”) of the Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000 and are admitted to trading on the London Stock Exchange plc’s Main Market, shall be in London and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee. In addition, the Bank shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders by the Bank in accordance with Condition 14.

(f) *Unmatured Coupons and unexchanged Talons*

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes (other than any Fixed Rate Notes where the total value of the unmatured coupons appertaining thereto exceeds the nominal amount of such Note), such Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount(s), Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or (where the total value of the unmatured coupons exceeds the nominal amount of such Note) a Fixed Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Bank may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) *Talons*

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) *Non-Business Days*

If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 6(h) and in Condition 6(i) below, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are

open for business in the relevant place of presentation, in such jurisdictions as shall be specified as “Additional Financial Centres” in the Final Terms and:

- (i) (in the case of a payment in a currency other than euro or Renminbi) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in Renminbi) on which commercial banks and foreign exchange markets in Hong Kong are open for business and settlement of Renminbi payments; or
- (iii) (in the case of a payment in euro) which is a TARGET Business Day.

(i) *Payment of Alternative Currency Equivalent*

Where Alternative Currency Equivalent is specified in the applicable Final Terms as being applicable to a Series of Notes, if (following a written request from the Bank that the Alternative Currency Adjudication Agent makes a determination pursuant to this Condition 6(i)), by reason of a Scheduled Payment Currency Disruption Event, it would, in the opinion of the Alternative Currency Adjudication Agent, be commercially impracticable for the Bank to satisfy any payment obligation in respect of the Notes when due in the Scheduled Payment Currency, then the Bank may take the action described in paragraph (a), (b), (c) or (d) below:

- (a) determine that the relevant payment of the Bank in respect of the Notes be postponed to a date which falls after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist (in the determination of the Alternative Currency Adjudication Agent) provided that such postponement does not exceed the number of Business Days (such number, the “**Maximum Days of Postponement**”) specified in the applicable Final Terms, or, if that would not be commercially reasonable, as soon as commercially reasonable thereafter, in which case the relevant payment will be due on the date as so postponed, without any interest or other sum payable in respect of the postponement of the payment of such amount;
- (b) determine that the Bank’s obligation to make any payment in respect of the Notes in the Scheduled Payment Currency be replaced by an obligation to make payment of the Alternative Currency Equivalent of such payment, in which case, it will settle any such obligation by payment of the relevant Alternative Currency Equivalent on the due date for payment;
- (c) determine that the relevant payment in respect of the Notes be postponed to a date which falls after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist (in the determination of the Alternative Currency Adjudication Agent) provided that such postponement does not exceed the Maximum Days of Postponement after the date on which the relevant Scheduled Payment Currency Disruption Event ceases to exist, or, if, in the determination of the Alternative Currency Adjudication Agent, that would not be commercially reasonable, as soon as commercially reasonable thereafter (such postponed payment date, the “**Postponed Payment Date**”), and that the Bank’s obligation to make payment in respect of the Notes in the Scheduled Payment Currency be replaced by an obligation to make payment of the Alternative Currency Equivalent, in which case, it will settle any such obligation by payment of the relevant Alternative Currency Equivalent on the Postponed Payment Date, without any interest or other sum payable in respect of the postponement of the payment of such amount; or



- (d) give notice to the Noteholders in accordance with Condition 14 and redeem all, but not some only, of the Notes on a date selected by the Bank, by payment of the Alternative Currency Equivalent of, or, if so specified in such notice, an amount in the Scheduled Payment Currency equal to, the Early Redemption Amount. Payment will be made in such manner as shall be notified to the Noteholders in accordance with Condition 14.

Any payment made in the Alternative Currency under such circumstances will constitute valid payment, and will not constitute a default in respect of the Notes.

Upon the occurrence of a Scheduled Payment Currency Disruption Event and the Alternative Currency Adjudication Agent making a determination that, by reason of such Scheduled Payment Currency Disruption Event, it would, in the opinion of the Alternative Currency Adjudication Agent, be commercially impracticable for the Bank to satisfy its payment obligations in respect of the Notes when due in the Scheduled Payment Currency, the Bank shall give notice as soon as practicable to Noteholders in accordance with Condition 14 stating the occurrence of the Scheduled Payment Currency Disruption Event, giving details thereof and the action proposed to be taken in relation thereto.

In making any determination in respect of any Scheduled Payment Currency Disruption Event, neither the Bank nor the Alternative Currency Adjudication Agent shall have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number), and, in particular, but without limitation, shall not have regard to the consequences of any such determination for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and no Noteholder shall be entitled to claim from the Bank, the Alternative Currency Adjudication Agent or any other person any indemnification or payment in respect of any tax consequences of any such determination upon individual Noteholders.

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6(i) by the Bank or the Alternative Currency Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Bank, the Agents and all Noteholders.

As used herein:

“**Affiliate**” is to, in relation to any entity (the “**First Entity**”), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity, where, for these purposes, “**control**” means ownership of a majority of the voting power of an entity;

“**Alternative Currency**” means the currency specified as such in the applicable Final Terms (or any lawful successor currency to that currency), or, if no Alternative Currency is specified in the applicable Final Terms, U.S. dollars;

“**Alternative Currency Adjudication Agent**” means the Alternative Currency Adjudication Agent specified in the applicable Final Terms (or any lawful successor to the Alternative Currency Adjudication Agent);

“**Alternative Currency Calculation Agent**” means (i) in the case of CMU Notes denominated in Renminbi, Citibank, N.A., London Branch (or any lawful successor thereto), unless otherwise specified in the applicable Final Terms; and (ii) in the case of all other Notes, the Alternative Currency Calculation Agent specified in the applicable Final Terms (or any lawful successor thereto);

**“Alternative Currency Equivalent”** means, (i) where the Alternative Currency is U.S. dollars, in respect of an amount denominated in the Scheduled Payment Currency, such amount converted into the Alternative Currency using the Spot Rate for the relevant Rate Calculation Date, all as determined by the Alternative Currency Calculation Agent, and (ii) where the Alternative Currency is a currency other than U.S. dollars, in respect of an amount denominated in the Scheduled Payment Currency, such amount converted into the Alternative Currency by (i) converting such amount into an amount expressed in U.S. dollars using the Spot Rate for the relevant Rate Calculation Date, and multiplying the resultant U.S. dollar amount by the USD Spot Rate for the relevant Rate Calculation Date, all as determined by the Alternative Currency Calculation Agent;

**“Governmental Authority”** means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the Scheduled Payment Currency Jurisdiction;

**“Illiquidity”** means (i) in respect of any payment obligation in respect of the Notes of any sum, foreign exchange markets for the Scheduled Payment Currency becoming illiquid (including, without limitation, the existence of any significant price distortion) or unavailable as a result of which it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Bank and/or any of its Affiliates to obtain a sufficient amount of the Scheduled Payment Currency in order to satisfy any such obligation or (ii) it becomes impossible or impracticable to obtain a firm quote for exchange of the Scheduled Payment Currency into the Alternative Currency, in each case, as determined by the Alternative Currency Adjudication Agent in its sole and absolute discretion;

**“Inconvertibility”** means, in respect of any payment or obligation in respect of the Notes, the occurrence of any event that makes it impossible, illegal or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Bank and/or any of its Affiliates to convert any amount due in respect of the Notes in the foreign exchange markets for the Scheduled Payment Currency (including, without limitation, any event that has the direct or indirect effect of hindering, limiting or restricting convertibility by way of any delays, increased costs or discriminatory rates of exchange or any current or future restrictions on repatriation of one currency into another currency) other than where such impossibility or impracticability is due solely to the failure of the Bank and/or any of its Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Bank, due to an event beyond its control, to comply with such law, rule or regulation);

**“Non-transferability”** means, in respect of any payment obligation in respect of the Notes, the occurrence of any event that makes it impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Bank and/or any of its Affiliates to transfer the Scheduled Payment Currency in relation to any such payment obligation between accounts inside the Scheduled Payment Currency Jurisdiction or between an account inside the Scheduled Payment Currency Jurisdiction and an account outside the Scheduled Payment Currency Jurisdiction, other than where such impossibility or impracticability is due solely to the failure of the Bank and/or any of its Affiliates to comply with any law, rule or regulation enacted by any relevant Governmental Authority (unless such law, rule or regulation becomes effective on or after the Trade Date and it is impossible or, in the opinion of the Alternative Currency Adjudication Agent, commercially impracticable for the Bank and/or any of its Affiliates, due to an event beyond its control, to comply with such law, rule or regulation);

**“Rate Calculation Business Day”** means, unless otherwise specified in the applicable Final Terms, a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in the Rate Calculation Jurisdiction;

**“Rate Calculation Date”** means the day which is the number of Rate Calculation Business Days specified in the applicable Final Terms (which shall be two Rate Calculation Business Days where the Scheduled Payment Currency is Renminbi) before the due date for payment of the relevant amount under the Notes or, unless specified otherwise in the applicable Final Terms, if the relevant Spot Rate is not available on such day, the last preceding Rate Calculation Business Day on which the relevant Spot Rate was most recently available, as determined by the Alternative Currency Calculation Agent;

**“Rate Calculation Jurisdiction”** means the jurisdiction(s) specified in the Final Terms, which shall include the Eurozone where the Scheduled Payment Currency is euro or Hong Kong where the Scheduled Payment Currency is Renminbi;

**“Scheduled Payment Currency”** means, the Specified Currency;

**“Scheduled Payment Currency Disruption Event”** means, in respect of a Scheduled Payment Currency:

- (i) Inconvertibility;
- (ii) Non-transferability;
- (iii) Illiquidity;
- (iv) the Bank and/or any of its Affiliates is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) the Bank deems necessary to hedge the currency risk of the Bank issuing and performing its obligations with respect to the Notes or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s); and/or
- (v) any other event specified as a Scheduled Payment Currency Disruption Event in the applicable Final Terms;

**“Scheduled Payment Currency Jurisdiction”** means (i) other than in the case of euro or Renminbi, the primary jurisdiction for which the Scheduled Payment Currency is the lawful currency, (ii) in the case of euro, the Eurozone or (iii) in the case of Renminbi, Hong Kong;

**“Settlement Rate Option”** means, as specified in the applicable Final Terms, (i) such **“Settlement Rate Options”** as may be included from time to time in Annex A to the 1998 FX and Currency Option Definitions, published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and the Foreign Exchange Committee or (ii) if “Alternative Currency Calculation Agent Determination” is specified as the Settlement Rate Option in the applicable Final Terms, such rate for the exchange of the Scheduled Payment Currency into U.S. dollars as determined by the Alternative Currency Calculation Agent, taking into consideration all available information that it deems relevant;

**“Spot Rate”** means, in respect of a Rate Calculation Date, the spot exchange rate for the purchase of U.S. dollars with the Scheduled Payment Currency determined in accordance with the Settlement Rate Option, provided that if such Spot Rate is not available, then the Alternative Currency Calculation Agent will determine the Spot Rate (or a method for determining the Spot Rate), taking into consideration all available information that it deems relevant;

**“Trade Date”** means each date on which the Bank concludes an agreement with one or more Dealers for the issue and sale of Notes which, in the case of a syndicated issue, shall be the execution date of the relevant subscription agreement;

**“USD Settlement Rate Option”** means, as specified in the applicable Final Terms, the USD Settlement Rate Option derived from such other **“Settlement Rate Options”**, as may be included from time to time in Annex A to the 1998 FX and Currency Option Definitions, published by the International Swaps and Derivatives Association, Inc., the Emerging Markets Traders Association and the Foreign Exchange Committee or (ii) if **“Alternative Currency Calculation Agent Determination”** is specified as the USD Settlement Rate Option in the applicable Final Terms, such rate for the exchange of U.S. dollars into the Alternative Currency as determined by the Alternative Currency Calculation Agent, taking into consideration all available information that it deems relevant; and

**“USD Spot Rate”** means, for a Rate Calculation Date, the spot exchange rate for the purchase of the Alternative Currency with U.S. dollars in accordance with the USD Settlement Rate Option specified, provided that if such USD Spot Rate is not available, then the Alternative Currency Calculation Agent will determine the USD Spot Rate (or a method for determining the USD Spot Rate), taking into consideration all available information that it deems relevant.

## **7. Taxation**

All payments of principal and/or interest (if any) by or on behalf of the Bank in respect of the Notes and the Coupons shall be made without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Bank shall pay such additional amounts in relation to principal and/or interest (if any) as will result (after such withholding or deduction) in receipt by the Noteholders and the Couponholders of the amount of principal and interest (if any) which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes and/or Coupons, as the case may be; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of any holder who is liable to such tax, duty, assessment or governmental charge in respect of such Note or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (b) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or
- (c) to, or to a third party on behalf of, a holder that is a partnership, or a holder that is not the sole beneficial owner of the Note or Coupon, or which holds the Note or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (d) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

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

As used herein:

The “**Relevant Date**” in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent or the Trustee on or prior to such date) the date on which notice is given to the Noteholders that such moneys have been so received.

References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to them and (iii) “**principal**” and/or “**interest**” (other than such interest as is referred to in Condition 9(g)) shall be deemed to include any additional amounts that may be payable under this Condition 7 or under any obligations undertaken in addition thereto or in substitution therefor under the Trust Deed.

## 8. Prescription

Claims for payment of principal (excluding principal comprised in a withheld amount) will become void 12 years, and claims for payment of interest (other than interest comprised in, or accrued on, a withheld amount) will become void six years, after the Relevant Date (as defined in Condition 7) relating thereto. Claims in respect of principal comprised in a withheld amount and claims in respect of interest comprised in, or accrued on, a withheld amount will, in the case of such principal, become void 12 years and will, in the case of such interest, become void six years after the due date for payment thereof as specified in Condition 9(f) or, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent, another Paying Agent, the Registrar, a Transfer Agent or the Trustee, as the case may be, on or prior to such date, the date of which notice is given in accordance with Condition 14 that the relevant part of such moneys has been so received.

The prescription period in respect of Talons shall be:

- (a) as to any Talon the original due date for exchange of which falls within the 12 years immediately prior to the due date for redemption (pursuant to Condition 5) of the Note to which it pertains, six years from the Relevant Date for the redemption of such Note, but so that the Coupon sheet for which it is exchangeable shall be issued without any Coupon itself prescribed in accordance with this Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note and without a Talon; and
- (b) as to any other Talon, 12 years from the Relevant Date for payment of the last Coupon of the Coupon sheet of which it formed part.

## 9. Events of Default and Enforcement

- (a) If the Bank shall not make payment of any principal or any interest in respect of the Notes for a period of 14 days or more after the due date for the same, the Trustee may at any time at its discretion and without notice institute such proceedings and/or take such other action as it may think fit against or in relation to the Bank to enforce its obligations under the Notes, provided that it shall not have the right to institute such proceedings and/or, as the case may be, to take such other action if the Bank withholds or refuses any such payment (A) (subject to Condition 7) in order to comply with any fiscal or other law or regulation, with the order of any court of competent jurisdiction or with any agreement between the Bank and any taxing authority, in each case applicable to such payment, the Bank, the relevant Paying Agent, Transfer Agent or Registrar or the holder of the Note or Coupon or (B) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee.
- (b) If otherwise than for the purposes of reconstruction or amalgamation on terms previously approved in writing by the Trustee, an order is made or an effective resolution is passed for winding-up the Bank, the Trustee may at its discretion give notice to the Bank that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount, together with accrued interest (calculated as provided in the Trust Deed).
- (c) The Trustee shall not be bound to institute proceedings and/or take the action referred to in Condition 9(a), 9(b) or 9(d) to enforce the obligations of the Bank in respect of the Notes and Coupons or to take any other actions under the Trust Deed unless (i) it shall have been so requested by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding (as defined in the Trust Deed) and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (d) No Noteholder or Couponholder shall be entitled to institute such proceedings and/or take such other action as is referred to in Condition 9(a) or 9(b) above, except that if the Trustee, having become bound to proceed against the Bank as aforesaid, fails (or is unable) to do so within a reasonable period and such failure (or inability) is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or take such other action to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.
- (e) The Bank has undertaken in the Trust Deed to pay UK stamp and other duties (if any) on or in connection with the execution of the Trust Deed and UK, Belgian (in the case of Notes other than CMU Notes), Luxembourg (in the case of Notes other than CMU Notes) and Hong Kong (in the case of CMU Notes only) stamp and other duties or taxes (if any) payable on or in connection with the constitution and original issue of any Global Note or any Global Certificate or the Definitive Notes or the Coupons (provided such stamp and other duties or taxes result from laws applicable on or prior to the date 40 days after the Issue Date specified in the Final Terms of such Notes and, in the case of exchange of Global Notes for Definitive Notes, such tax results from laws applicable on or prior to the date of such exchange) and stamp and other duties or taxes (if any) payable in the United Kingdom (but not elsewhere) solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Notes to enforce the provisions of the Notes, Certificates, Coupons, Talons or the Trust Deed, save that the Bank shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is increased by reason of the holder at the relevant time unreasonably delaying in

producing any relevant document for stamping or similar process. Subject as aforesaid, the Bank will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Notes in temporary global, permanent global or definitive form or the Coupons or Talons (in each case other than as aforesaid) are the liability of the holders thereof.

- (f) If payment to any Noteholder of any amount due in respect of the Notes (other than interest) is improperly withheld or refused (any withholding or refusal effected in reliance upon the proviso to Condition 9(a) where the relevant law, regulation or order proves subsequently not to be valid or applicable shall be treated, for the purpose of ascertaining entitlement to accrued interest but not for any other purpose, as if it had been at all times an improper withholding or refusal), interest shall accrue until, but excluding, the date on which notice is given in accordance with Condition 14 that the full amount in the Specified Currency payable in respect of such Notes is available for payment or the date of payment, whichever first occurs and shall be calculated by applying the Rate of Interest determined in accordance with these Conditions on the first day of the then current Interest Period (and each relevant Interest Period (if any) thereafter) to such amount withheld or refused, multiplying the sum by the relevant Day Count Fraction for such Interest Period and rounding the resultant figure to the nearest unit (as such term is defined in Condition 4(f)(iii)).
- (g) If, in reliance upon the proviso to Condition 9(a), payment of any amount (each a “**withheld amount**”) in respect of the whole or any part of the principal and/or any interest due in respect of the Notes, or any of them, is not paid or provided by the Bank to the Trustee or to the account of or with the Issuing and Paying Agent, or is withheld or refused by any of the Paying Agents, the Registrar or the Transfer Agents, in each case other than improperly within the meaning of Condition 9(e), or which is paid or provided after the due date for payment thereof, such withheld amount shall, where not already an interest bearing deposit, if lawful, promptly be so placed, all as more particularly described in the Trust Deed. If subsequently it shall be or become lawful to make payment of such withheld amount in the Specified Currency, notice shall be given in accordance with Condition 14, specifying the date (which shall be no later than seven days after the earliest date thereafter upon which such interest bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such withheld amount (or that part thereof which it is lawful to pay) will be made. In such event (but subject in all cases to any applicable fiscal or other law or regulation or the order of any court of competent jurisdiction), the withheld amount or the relevant part thereof, together with interest accrued thereon from, and including, the date the same was placed on deposit to, but excluding, the date upon which such interest bearing deposit was repaid, shall be paid to (or released by) the Issuing and Paying Agent for payment to the relevant holders of Notes and/or Coupons, as the case may be (or, if the Issuing and Paying Agent advises the Bank of its inability to effect such payment, shall be paid to (or released by) such other Paying Agent, Registrar or Transfer Agent (as the case may be) as there then may be or, if none, to the Trustee, in any such case for payment as aforesaid). For the purposes of Condition 9(a), the date specified in the said notice shall become the due date for payment in respect of such withheld amount or the relevant part thereof. The obligations under this Condition 9(g) shall be in lieu of any other remedy otherwise available under these Conditions, the Trust Deed or otherwise in respect of such withheld amount or the relevant part thereof.
- (h) Any interest payable as provided in Condition 9(f) above shall be paid net of any taxes applicable thereto and Condition 7 shall not apply in respect of the payment of any such interest.

## **10. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Bank and/or any subsidiary and/or any holding company of the Bank and/or any other subsidiary of any such holding company without accounting for any profit resulting therefrom.

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

### *(a) Meetings of Noteholders*

The Trust Deed contains provisions for convening meetings of Noteholders (including by way of conference call or by use of a videoconference platform) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any of the provisions of the Notes, the Coupons or the Trust Deed, except that certain provisions of the Trust Deed may only be modified subject to approval by Extraordinary Resolution passed at a meeting of Noteholders to which special quorum provisions shall have applied. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes.

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of 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 Noteholders. In addition, the Trustee shall be obliged to concur with the Bank in (i) effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4(j); and (ii) effecting any relevant amendments to these Conditions in connection with any Replacement Rate, or any Recommended Replacement Rate or the SNB Policy Rate in the circumstances and as otherwise set out in Condition 4(k), in each case without the consent of the Noteholders or Couponholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 14.

### *(c) Substitution*

The Trustee shall agree, if requested by the Bank and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes and the Coupons being unconditionally and irrevocably guaranteed by the Bank on an unsubordinated basis, of a subsidiary of the Bank or a holding company of the Bank or another subsidiary of any such holding company in place of the Bank as principal debtor under the Trust Deed, the Notes and the Coupons and as a party to the Agency Agreement.



(d) *Change of Governing Law*

In the case of a substitution pursuant to Condition 11(c), the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(e) *Entitlement of the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder or Couponholder shall, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim, and the Trustee shall not be entitled to require, from the Bank any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Noteholders or Couponholders except to the extent provided for by Condition 7.

## 12. Replacement of Notes, Certificates, Coupons and Talons

- (a) If a Note, Certificate, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other place of which notice shall be given in accordance with Condition 14 in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Bank on demand the amount payable by the Bank in respect of such Note, Certificate, Coupon or further Coupons) and otherwise as the Bank may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued. In addition, the Bank may require the person requesting delivery of a replacement Note, Certificate, Coupon or Talon to pay, prior to delivery of such replacement Note, Certificate, Coupon or Talon, any stamp or other tax or governmental charges required to be paid in connection with such replacement. No replacement Note shall be issued having attached thereto any Coupon or Talon, claims in respect of which shall have become void pursuant to Condition 8.
- (b) Where:
- (i) a Talon (the “**relevant Talon**”) has become prescribed in accordance with Condition 8; and
  - (ii) the Note to which the relevant Talon pertains has not become void through prescription; and
  - (iii) no Coupon sheet (or part thereof, being (a) Coupon(s) and/or a Talon, hereinafter called a “**part Coupon sheet**”), which Coupon sheet would have been exchangeable for the relevant Talon or for any subsequent Talon bearing the same serial number pertaining to such Note, has been issued; and
  - (iv) either no replacement Coupon sheet or part Coupon sheet has been issued in respect of any Coupon sheet or part Coupon sheet referred to in paragraph (iii) above or, in the reasonable opinion of the Bank, there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity or security as the Bank may reasonably require there may be obtained at the specified office of the Issuing and Paying Agent (or such other place of which notice shall be given in accordance with Condition 14) a Coupon sheet or Coupon sheets or part Coupon sheet(s), as the circumstances may require, issued:

- (A) in the case of a Note that has become due for redemption (x) without any Coupon itself prescribed in accordance with Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note, and (y) without any Talon or Talons, as the case may be; or
- (B) in any other case, without any Coupon or Talon itself prescribed in accordance with Condition 9 and without any Talon pertaining to a Coupon sheet the Relevant Date of the final Coupon of which falls on or prior to the date when the Coupon sheet(s) or part Coupon sheet(s) is (are) delivered to or to the order of the claimant, but in no event shall any Coupon sheet be issued the original due date for exchange of which falls after the date of delivery of such Coupon sheet(s) as aforesaid.

For the avoidance of doubt, the provisions of this Condition 12(b) shall not give, or revive, any rights in respect of any Talon that has become prescribed in accordance with Condition 8.

### **13. Further Issues**

The Bank may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further notes shall be consolidated and form a single Series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single Series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

### **14. Notices**

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in the United Kingdom (which is expected to be the Financial Times). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in the United Kingdom, approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made.

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

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the weekday (being a day other than a Saturday or a Sunday) after the date of mailing provided that, if at any time by reason of the suspension or curtailment (or expected suspension or curtailment) of postal services within the United Kingdom or elsewhere the Bank is unable effectively to give notice to holders of Registered Notes through the post, notices to holders of Registered Notes will be valid if given in the same manner as other notices as set out above.

## **15. Governing Law and Jurisdiction**

### *(a) Governing Law*

The Trust Deed, the Notes, the Coupons, the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

### *(b) Jurisdiction*

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes may be brought in such courts.

### *(c) Third Party Rights*

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

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### 1. Initial Issue of Notes

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

Global Notes which are issued in CGN form and Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a Common Depositary (as defined below) or, in respect of a Global Note or a Global Certificate representing CMU Notes, to a sub-custodian nominated by the HKMA as operator of the CMU Service (the “**CMU Operator**”).

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

Notes that are initially deposited with the Common Depositary or the Common Safekeeper, as the case may be, may also be credited to the accounts of subscribers with (if indicated in the applicable Final Terms or Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

A Global Note or Global Certificate representing CMU Notes will be held for the account of any members of the CMU Service (each, a “**CMU Member**”) who have accounts with the CMU Operator, or the CMU participants. Persons holding a beneficial interest in the CMU Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg with the CMU Operator. Interests in a Global Note or Global Certificate representing CMU Notes will only be shown on, and transfers of interests will be effected through, records maintained by the CMU Operator.

### 2. Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system (“**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or such Alternative Clearing System as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the

holder of such nominal 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 Noteholders) other than in respect of the payment of principal and interest on such Notes, the right to which shall be vested, as against the Bank and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate in accordance with and subject to its terms and the terms of the Trust Deed. Accountholders shall have no claim directly against the Bank in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Bank will be discharged by payment to or to the order of the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

While a Global Note or a Global Certificate representing CMU Notes is held by or on behalf of the CMU Operator, payments of interest or principal will be made to the persons for whose account a relevant interest in such Global Note or Global Certificate is credited as being held by the CMU Operator at the relevant time, as notified to the CMU Issuing and Paying Agent by the CMU Operator in a relevant CMU Instrument Position Report (as defined in the rules of the CMU Service) or in any other relevant notification by the CMU Operator. Such payment will discharge the Bank's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

Payments, transfers, exchanges and other matters relating to interests in a Global Note or a Global Certificate representing a CMU Note may be subject to various policies and procedures adopted by the CMU Operator from time to time. None of the Bank, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar, the CMU Lodging Agent, nor any of their respective agents will have any responsibility or liability for any aspect of the CMU Operator's records relating to, or for payments made on account of, interests in a Global Note or Global Certificate representing a CMU Note, or for maintaining, supervising or reviewing any records relating to such interests.

### **3. Exchange**

#### **3.1. Temporary Global Notes**

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined in paragraph 3.6 below):

- (i) if the applicable Final Terms or Pricing Supplement indicates that such temporary Global Note is issued in compliance with TEFRA C or in a transaction to which TEFRA is not applicable (as to which, see "*Overview of the Programme — Selling Restrictions*"), in whole, but not in part, for the Definitive Notes, as defined and described below<sup>1</sup>; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership for interests in a permanent Global Note or, if so provided in the applicable Final Terms or Pricing Supplement, for Definitive Notes.

The CMU Service may require that any such exchange for a permanent Global Note is made in whole and not in part, and in such event no such exchange will be effected until all relevant account holders (as set

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<sup>1</sup> In relation to any issue of Notes which are expressed to be Temporary Global Notes exchangeable for Definitive Notes in accordance with this paragraph 3.1, such Notes shall be tradeable only in amounts of at least the Specified Denomination (or if more than one Specified Denomination, the minimum Specified Denomination provided herein and multiples thereof).

out in a CMU Instrument Position Report (as defined in the rules of the CMU Service) or any other relevant notification supplied to the CMU Lodging Agent by the CMU Service) have so certified.

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

### **3.2. Permanent Global Notes**

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or, in the case of paragraph 3.2(i) below, Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder (acting on the instructions of the person(s) with beneficial interest(s) in such permanent Global Note) giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such permanent Global Note for Registered Notes<sup>2</sup>; and
- (ii) otherwise, (i) upon the happening of any of the events defined in the Trust Deed as “Events of Default”; or (ii) if Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available.

### **3.3. Global Certificates**

If the applicable Final Terms or Pricing Supplement state that the Notes are to be represented by a Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) upon the happening of any of the events defined in the Trust Deed as “Events of Default”; or
- (ii) if such Notes are held on behalf of Euroclear or Clearstream, Luxembourg or the CMU Service or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available; or
- (iii) with the consent of the Bank,

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

### **3.4. Partial Exchange of Permanent Global Notes**

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for

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<sup>2</sup> Not applicable to Notes with a minimum Specified Denomination plus a higher integral multiple of a smaller amount.

exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes if principal in respect of any Notes is not paid when due.

A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

### 3.5. Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the relevant Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Bank will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be or (iii) if the Global Note is a NGN, the Bank will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them, if applicable, all Coupons in respect of interest that has not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

### 3.6. Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

## 4. Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

### 4.1. Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with TEFRA D before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement (provided that, in respect of CMU Notes, the crediting of interests in the relevant Global Note in the CMU Service shall be deemed to be presentation of such Global Note) and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent

or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, or if the Global Certificate is held under the NSS, the Bank shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Bank's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 6(h) (Non-Business Days).

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

While a Global Note or a Global Certificate representing the CMU Notes is held by or on behalf of the CMU Operator, payments of interest or principal will be made to the persons for whose account a relevant interest in the Global Certificate is credited as being held by the CMU Operator at the relevant time, as notified to the relevant Paying Agent by the CMU Operator in a relevant CMU Instrument Position Report or in any other relevant notification by the CMU Operator. Such payment will discharge the Bank's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants. Unless otherwise specified in the applicable Final Terms or Pricing Supplement, while a CMU Note is lodged with the CMU Service, "**business day**" and "**Business Day**" shall mean a business day or Business Day (as each term is defined in the Conditions) on which, in addition to the requirements set out in the Conditions or in the applicable Final Terms or Pricing Supplement, the CMU Service is also operating.

Payments, transfers, exchanges and other matters relating to interests in a Global Note or a Global Certificate representing CMU Notes may be subject to various policies and procedures adopted by the CMU Operator from time to time. None of the Bank, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar or the CMU Lodging Agent, or any of their respective agents, will have any responsibility or liability for any aspect of the CMU Operator's records relating to, or for payments made on account of, interests in such a Global Note or Global Certificate, or for maintaining, supervising or reviewing any records relating to such interests.

Payments of interest (if any) in respect of Notes represented by a Global Note or a Global Certificate shall be made at the rates, on the dates for payment and in accordance with the methods of calculation provided for in the Conditions relating to such Notes.

#### **4.2. Prescription**

Claims against the Bank in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 12 years (in the case of principal) or six years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).



#### **4.3. Cancellation**

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

#### **4.4. Purchase**

Notes represented by a permanent Global Note may only be purchased by the Bank, or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company if they are purchased together with the right to receive all future payments of interest (if any) thereon.

#### **4.5. Bank's Option**

Any option of the Bank provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Bank giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Bank is exercised in respect of some but not all of the Notes of any Series, the rights of Accountholders in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

#### **4.6. Noteholders' Options**

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

#### **4.7. NGN Nominal Amount**

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

#### **4.8. Trustee's Powers**

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

such interests as if such Accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

#### **4.9. Notices**

Subject to the immediately following paragraph, so long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to the relative Accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate. Any such notice shall be deemed to have been given to the holders of the Notes on the second business day after such notice is delivered to that clearing system for communication by it to the holders.

For so long as all CMU Notes are represented by a Global Note or a Global Certificate and the Global Note or Global Certificate is held on behalf of the CMU Operator, notices to holders of the CMU Notes may, in substitution for publication as required by the Conditions, be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report (as defined in the rules of the CMU Service) issued by the CMU Operator on the business day preceding the date of despatch of such notice as holding interests in such Global Note or Global Certificate for communication to the CMU participants. Any such notice shall be deemed to have been given to the holders of CMU Notes on the second business day after such notice is delivered to the persons shown in the relevant CMU Instrument Position Report as aforesaid. Indirect participants will have to rely on the CMU participants (through whom they hold the CMU Notes, in the form of interests in a Global Note or a Global Certificate) to deliver the notices to them, subject to the arrangements agreed between the indirect participants and the CMU participants.

#### **5. CMU**

The CMU Operator is under no obligation to maintain or continue to operate the CMU Service nor to perform or continue to perform the procedures described above. Accordingly, the CMU Service and such procedures may be discontinued or modified at any time. None of the Bank, the Dealers, the Trustee, the CMU Issuing and Paying Agent, the Registrar, the CMU Lodging Agent, nor any of their respective agents will have any responsibility for the performance by the CMU Operator or the CMU participants of their respective obligations under the rules and procedures governing their operations.

A Global Note or Global Certificate representing CMU Notes will be held for the account of CMU Members who have accounts with the CMU Operator, or the CMU participants. Interests in such Global Note or Global Certificate will only be shown on, and transfers of interests will be effected through, records maintained by the CMU Operator.

#### **6. Electronic Consent and Written Resolution**

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, then:

- (i) approval of a resolution proposed by the Bank or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the special quorum requirements were satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and

shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

- (ii) 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 Bank and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Bank and/or the Trustee, as the case may be, by Accountholders in the clearing system with entitlements to such Global Note or Global Certificate or, where the Accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the Accountholder or via one or more intermediaries and provided that, in each case, the Bank and the Trustee have obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an Accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Notes. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline 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. The Bank shall not 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 each issue of Notes will be used for the general business purposes of Lloyds Bank Group. However, if, in respect of any particular issue, there is a particular identified use of proceeds, for example the application of sums equivalent to the net proceeds to fund Eligible Projects, this will be stated in the applicable Final Terms or Pricing Supplement.

Lloyds Banking Group has developed a Sustainability Bond Framework (the “**Framework**”) with the aim of supporting the UK to transition successfully to a more sustainable, low carbon economy.

The Framework provides a set of criteria for identifying businesses and projects that aim to deliver positive social and/or environmental benefits.

The current version of the Framework can be viewed at:  
<https://www.lloydsbankinggroup.com/investors/fixed-income-investors/unsecured-funding.html>

In connection with the Framework, Lloyds Banking Group has appointed a sustainability specialist, Sustainalytics B.V., to issue an opinion confirming that the Framework is credible and impactful, and aligns with the International Capital Market Association’s Sustainability Bond Guidelines (the “**Second Party Opinion**”)

The current version of the Second Party Opinion can be viewed at:  
[https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/esg/sustainability\\_bond\\_second\\_party\\_opinion\\_2may2019.pdf](https://www.lloydsbankinggroup.com/assets/pdfs/investors/fixed-income-investors/unsecured-funding/esg/sustainability_bond_second_party_opinion_2may2019.pdf)

If so specified in the applicable Final Terms, the Bank will allocate an amount of funding equivalent to the net proceeds from the issue of the relevant Tranche of Notes to finance and/or refinance, in whole or in part, Eligible Projects, as more particularly described in the Framework from time to time. Businesses whose primary business activity falls within any of the excluded categories identified in the Framework will not be considered Eligible Projects.

For the avoidance of doubt, neither the Framework nor the Second Party Opinion are, nor shall either of them be deemed to be, incorporated in, and/or form part of, this Prospectus.

## CLEARING AND SETTLEMENT

### Book-Entry Ownership

#### *Bearer Notes*

The Bank may make applications to Clearstream, Luxembourg and/or Euroclear for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a common depositary or common safekeeper, as the case may be, for Clearstream, Luxembourg and/or Euroclear or an Alternative Clearing System (including, in the case of CMU Notes, the CMU Service) as agreed between the Bank and relevant Dealer(s). Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Clearstream, Luxembourg and Euroclear or, if appropriate, the Alternative Clearing System. Each Global Note deposited with a common depositary or common safekeeper, as the case may be, on behalf of Euroclear and Clearstream, Luxembourg will have an ISIN and a Common Code. Global Notes deposited with a common depositary or nominee or custodian of an Alternative Clearing System may have additional or alternative identifiers, as set out in the applicable Final Terms or Pricing Supplement.

#### *Registered Notes*

The Bank may make applications to Clearstream, Luxembourg and/or Euroclear and/or an Alternative Clearing System (including, in the case of CMU Notes, the CMU Service) for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by a Global Certificate. Each Global Certificate deposited with a nominee for Clearstream, Luxembourg and/or Euroclear will have an ISIN and a Common Code. Global Certificates registered in the name of a nominee for an Alternative Clearing System may have additional or alternative identifiers, as set out in the applicable Final Terms or Pricing Supplement.

All Registered Notes will initially be in the form of a Global Certificate. Individual Certificates will only be available in amounts specified in the applicable Final Terms or Pricing Supplement.

#### *Transfers of Registered Notes*

Transfers of interests in Global Certificates within Clearstream, Luxembourg, Euroclear and the CMU Service will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some states in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and/or Euroclear and/or the CMU Service will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg, Euroclear and the CMU Service will need to have an agreed settlement date between the parties to such transfer.

### Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg, Euroclear and the CMU Service or for an Alternative Clearing System will be permitted only in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form – Exchange – Global Certificates*”. In such circumstances, the Bank will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with a written

order containing instructions and such other information as the Bank and the Registrar may require to complete, execute and deliver such individual Certificates.

### **CREST Depository Interests**

Following their delivery into a clearing system, interests in Notes denominated in Sterling, euro and U.S. dollars may be delivered, held and settled in CREST by means of the creation of CDIs representing the interests in the relevant Underlying Notes. The CDIs will be issued by CREST Depository Limited (the “**CREST Depository**”) to CDI Holders and will be governed by English law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the “**CREST Nominee**”) in the Underlying Notes. Pursuant to the CREST Manual (as defined in paragraph (iv) below), Notes held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Underlying Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were one Underlying Note, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Underlying Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Underlying Notes and other relevant notices issued by the Bank.

Transfers of interests in Underlying Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes underlying the CDIs to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Underlying Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 8 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Bank including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

If issued, CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the “**CREST International Settlement Links Service**”). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Underlying Notes. The CDIs are separate legal instruments from the Underlying Notes to which they relate and represent an indirect interest in such Underlying Notes.
- (ii) The Underlying Notes themselves (as distinct from the CDIs representing indirect interests in such Underlying Notes) will be held in an account with a custodian. The custodian will hold the Underlying Notes through a clearing system. Rights in the Underlying Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the

Underlying Notes or to interests in the Underlying Notes will depend on the rules of the clearing system in or through which the Underlying Notes are held.

- (iii) Rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Underlying Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the “**CREST Manual**”) and the CREST Rules (the “**CREST Rules**”) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at <https://www.euroclear.com/en.html>.
- (vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.
- (viii) Potential investors should note that neither the Bank, the Trustee nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.
- (ix) Potential investors should note that Notes issued in temporary global form exchangeable for a Permanent Global Security will not be eligible for CREST settlement as CDIs. As such, investors investing in the Underlying Notes through CDIs will only receive the CDIs after such Temporary Global Security is exchanged for a Permanent Global Security, which could take up to 40 days after the issue of the Notes.

- (x) Potential investors should be aware that the creation of CDIs relating to the Notes could, if not completed correctly, result in a taxable charge for stamp duty reserve tax payable by such investors. A person creating a CDI will be required to provide confirmation to Euroclear that the Notes are exempt from the requirements to pay stamp duty reserve tax.

## **CMU**

The CMU Service is a central depositary service provided by the Central Moneymarkets Unit of the HKMA for the safe custody and electronic trading between the members of this service (“**CMU Members**”) of Exchange Fund Bills and Notes Clearing and Settlement Service securities and capital markets instruments (together, “**CMU Instruments**”) which are specified in the CMU Manual (as defined in the Trust Deed) as capable of being held within the CMU Service.

The CMU Service is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU Service financial institutions regulated by the Hong Kong Monetary Authority, Securities and Futures Commission, Insurance Authority or Mandatory Provident Fund Schemes Authority. For further details on the full range of the CMU’s custodial services, please refer to the CMU Reference Manual.

The CMU has an income distribution service which is a service offered by the CMU to facilitate the distribution of interest, coupon or redemption proceeds (collectively, the “income proceeds”) by CMU Members who are paying agents to the legal title holders of CMU Instruments via the CMU system. Furthermore, the CMU has a corporate action platform which allows an issuer (or its agent) to make an announcement/notification of a corporate action and Noteholders to submit the relevant certification. For further details, please refer to the CMU Reference Manual. An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg, in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg, each have with the CMU.



## LLOYDS BANK GROUP

### Overview

The Lloyds Bank Group is a leading provider of financial services to individual and business customers in the UK. The Bank operates under the Companies Act 2006.

### History and Development of Lloyds Banking Group

The history of the Lloyds Banking Group can be traced back to the 18th century when the banking partnership of Taylors and Lloyds was established in Birmingham, England. Lloyds Bank Plc was incorporated in 1865 and during the late 19th and early 20th centuries entered into a number of acquisitions and mergers, significantly increasing the number of banking offices in the UK. In 1995, it continued to expand with the acquisition of the Cheltenham and Gloucester Building Society.

TSB Group plc became operational in 1986 when, following UK Government legislation, the operations of four Trustee Savings Banks and other related companies were transferred to TSB Group plc and its new banking subsidiaries (the “**TSB Group**”). By 1995, the TSB Group had, either through organic growth or acquisition, developed life and general insurance operations, investment management activities, and a motor vehicle hire purchase and leasing operation to supplement its retail banking activities.

In 1995, TSB Group merged with Lloyds Bank Plc. Under the terms of the merger, the TSB and Lloyds Bank groups were combined under TSB Group, which was re-named Lloyds TSB Group plc (“**LTSB**”), with Lloyds Bank Plc, which was subsequently re-named Lloyds TSB Bank plc, the principal subsidiary. In 1999, the businesses, assets and liabilities of TSB Bank plc, the principal banking subsidiary of the TSB Group prior to the merger, and its subsidiary Hill Samuel Bank Limited were vested in Lloyds TSB Bank plc, and in 2000, LTSB acquired Scottish Widows Limited (“**Scottish Widows**”). In addition to already being one of the leading providers of banking services in the UK, the acquisition of Scottish Widows also positioned LTSB as one of the leading suppliers of long-term savings and protection products in the UK.

The HBOS Group had been formed in September 2001 by the merger of Halifax plc (“**Halifax**”) and Bank of Scotland plc (“**BoS**”). The Halifax business began with the establishment of the Halifax Permanent Benefit Building Society in 1852; the society grew through a number of mergers and acquisitions including the merger with Leeds Permanent Building Society in 1995 and the acquisition of Clerical Medical Investment Group Limited (“**CMIG**”) in 1996. In 1997 the Halifax converted to plc status and floated on the London stock market. BoS was founded in July 1695, making it Scotland’s first and oldest bank.

On 18 September 2008, with the support of the UK Government, the boards of LTSB and HBOS announced that they had reached agreement on the terms of a recommended acquisition by LTSB of HBOS. The shareholders of LTSB approved the acquisition at the Company’s general meeting on 19 November 2008. On 16 January 2009, the acquisition was completed and LTSB changed its name to Lloyds Banking Group plc.

Pursuant to two placing and open offers which were completed by the Company in January and June 2009 and the rights issue completed in December 2009, the UK Government acquired 43.4 per cent. of the Company’s issued ordinary share capital. Following sales of shares in September 2013 and March 2014 and the completion of trading plans with Morgan Stanley & Co. International plc, the UK Government completed the sale of its shares in May 2017, returning the Lloyds Banking Group to full private ownership.

Pursuant to its decision approving state aid to Lloyds Banking Group, the European Commission required Lloyds Banking Group to dispose of a retail banking business meeting minimum requirements for the number of branches, share of the UK personal current accounts market and proportion of Lloyds Banking Group's mortgage assets. Following disposals in 2014, Lloyds Banking Group sold its remaining interest in TSB to Banco de Sabadell in 2015, and all European Commission state aid requirements were met by 30 June 2017.

On 1 June 2017, following the receipt of competition and regulatory approval, the Lloyds Banking Group acquired 100 per cent. of the ordinary share capital of MBNA Limited, which, together with its subsidiaries, operates a UK consumer credit card business, from FIA Jersey Holdings Limited, a wholly-owned subsidiary of Bank of America.

Lloyds Banking Group successfully launched its non ring-fenced bank, Lloyds Bank Corporate Markets plc in 2018, transferring in the non ring-fenced business from the Lloyds Banking Group, thereby meeting its legal requirements under ring-fencing legislation.

On 23 October 2018, Lloyds Banking Group announced a partnership with Schroders plc ("**Schroders**") to create a market-leading wealth management proposition. The three key components of the partnership are: (i) the establishment of a new financial planning joint venture; (ii) the Lloyds Banking Group taking a 19.9 per cent. stake in Schroders' high net worth UK wealth management business; and (iii) the appointment of Schroders as the active investment manager of approximately £80 billion of the Lloyds Banking Group's insurance and wealth related assets. The joint venture, Schroders Personal Wealth, was launched to the market in the third quarter of 2019. Lloyds Banking Group's interest in the joint venture is 50.1 per cent.

## **Ratings of the Bank**

As at the date of this Prospectus: (i) long-term senior obligations of the Bank are rated "A+" by S&P, "A1" by Moody's and "A+" by Fitch; and (ii) short-term senior obligations of the Bank are rated "A-1" by S&P, "P-1" by Moody's and "F1" by Fitch.

### *Expected ratings in relation to Notes issued by the Bank under the Programme*

S&P is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more "A+"; and Notes issued by the Bank under the Programme with a maturity of less than one year "A-1".

Fitch is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more "A+"; and Notes issued by the Bank under the Programme with a maturity of less than one year "F1".

Moody's is expected to rate: Notes issued by the Bank under the Programme with a maturity of one year or more "A1"; and Notes issued by the Bank under the Programme with a maturity of less than one year "P-1".

The credit ratings referred to and included in this Prospectus have been issued by S&P, Fitch and Moody's. Each of S&P, Fitch and Moody's is established in the UK and is registered under the UK CRA Regulation.

Tranches of Notes to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to Notes already issued. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation will be disclosed in the applicable Final Terms or Pricing Supplement.

A rating is not a recommendation to buy, sell or hold securities and may be subject to change, suspension or withdrawal at any time by the assigning rating agency.

For detail on credit ratings risks see “*Risk Factors — Economic and Financial Risks*”. In particular, see “*Risk Factors — Economic and Financial Risks — A reduction in Lloyds Bank Group’s longer-term credit rating could materially adversely affect Lloyds Bank Group’s results of operations, financial condition or prospects.*”.

## **Strategy of Lloyds Bank Group**

The Lloyds Bank Group is a leading provider of financial services to individual and business customers in the UK. The Lloyds Bank Group’s main business activities are retail and commercial banking. Services are provided through a number of well recognised brands including Lloyds Bank, Halifax and BoS and through a range of distribution channels, including the largest branch network and digital bank in the UK. The Lloyds Bank Group’s strategy is directly aligned to the strategy of its parent, Lloyds Banking Group plc.

The Lloyds Bank Group’s strategy is directly aligned to the strategy of its parent, Lloyds Banking Group plc and is focused on Helping Britain Recover from the economic impacts of the coronavirus pandemic, alongside delivering co-ordinated growth opportunities by building the UK’s preferred financial partner for personal customers and the best bank for business. Delivery of the Lloyds Bank Group’s customer-focused ambitions will be underpinned by accelerating the enhancement of four core capabilities behind the business. Specifically, these are delivering a modernised technology architecture, building an integrated payments platform, creating a data-driven organisation and implementing reimagined ways of working.

Strategic Review 2021 focused on Helping Britain Recover and building the UK’s preferred financial partner for personal customers and the best bank for business. Strategic Review 2021 aims to deliver co-ordinated growth opportunities in the Lloyds Bank Group’s two core customer segments, supported by enhanced capabilities in four areas:

- Preferred financial partner for personal customers, through leveraging the Lloyds Bank Group’s unique competitive advantages to significantly deepen customer relationships;
- Best bank for business, through building a leading digital SME proposition, with a disciplined and strengthened business for Corporate and Institutional clients;
- Further develop and leverage the Lloyds Bank Group’s core capabilities, including delivering a modernised technology architecture, building integrated payment solutions, creating a data driven organisation and implementing reimagined ways of working.

Clear execution outcomes for the coming year are outlined for all these areas and underpinned by long-term strategic vision. Strategic Review 2021 will thus enable the Lloyds Bank Group to deliver revenue generation and diversification whilst unlocking further efficiency gains, within the Lloyds Bank Group’s low risk and capital efficient business. Lloyds Banking Group’s purpose, unique business model and ambitious strategy will allow the Lloyds Bank Group to Help Britain Recover and deliver long-term sustainable returns for its shareholders.

## **Business and Activities of the Lloyds Bank Group**

At 31 December 2020, the Lloyds Bank Group’s activities were organised into two financial reporting segments: Retail and Commercial Banking.

## **Retail**

Retail offers a broad range of financial service products to personal and business banking customers, including current accounts, savings, mortgages, credit cards, unsecured loans, motor finance and leasing solutions. Its aim is to be the preferred financial partner for personal customers, by building deep and enduring relationships that meet more of its customers' financial needs and improve their financial resilience throughout their lifetime, with personalised products and services that are increasingly relevant to them. Retail operates a multi-brand and multi-channel strategy. It continues to simplify its business and provide more transparent products, helping to improve service levels and reduce conduct risk, whilst working within a prudent risk appetite.

## **Commercial Banking**

Commercial Banking has a client-led, low risk, capital efficient strategy and is committed to becoming the best bank for business. Through its segmented client coverage model, it provides clients with a range of products and services such as lending, transaction banking, working capital management, risk management and debt capital markets. Continued investment in capabilities and digital propositions will enable the business to build a leading digital SME proposition and a disciplined and strengthened Corporate and Institutional client franchise.

## **Material Contracts**

The Company, the Bank and their subsidiaries are party to various contracts in the ordinary course of business.

## **Competitive Environment**

The Lloyds Bank Group provides financial services to individual and business customers, predominantly in the UK but also overseas. The main business activities of the Lloyds Bank Group are retail and commercial banking.

### ***Market Dynamics***

The Lloyds Bank Group continues to operate in an increasingly competitive environment, driven by regulatory changes, shifting customer behaviours and increasing levels of innovation across the sector.

Across the Lloyds Bank Group's traditional business lines, ring-fencing regulation has seen a number of competitors deploy excess liquidity to support asset growth within the UK, specifically within mortgages where customer rates have in the last few years hit record lows. While this is beneficial for customers, this has depressed margins across the UK banking sector and more recently has resulted in some smaller participants stepping back from the market.

Beyond this, digital-only providers have grown their share of the UK market within the past year. This growth has predominantly been driven by neo-banks that provide a more traditional customer offering alongside leading digital functionality and are able to target selected customer segments. This is supported by the emergence of marketplace models which enable these providers to collaborate with more specialist fintechs to provide a broader suite of products and financial services, both for personal and business banking customers.

In response, a number of traditional competitors have attempted to replicate the success of neo-banks by developing their own digital-only offerings, often under separate and newly created brand names. A number of international peers have also entered the UK market through digital only challengers, taking advantage of

the supportive regulatory environment and increasing similarity in customer behaviours across multiple geographies.

Elsewhere, the Lloyds Bank Group has also started to see the first signs of large technology companies participating in financial services, often partnering with local incumbent banks across different geographies. While the scale of their future ambitions is uncertain at this stage, the power of their brands and large customer bases pose future disruption threats.

### ***The Lloyds Bank Group's Response***

The Lloyds Bank Group continues to respond effectively to the increasingly competitive environment, supported by its significant reach and proven track record of providing products and services that its customers value which is underpinned by significant investment capacity.

Across its core markets such as mortgages, the Lloyds Bank Group has looked to prioritise value while maintaining market share and supporting its purpose of 'Helping Britain Prosper'. As marginal players have withdrawn from the market, the Lloyds Bank Group has more recently strengthened its position, including through the acquisition of Tesco Bank's mortgage portfolio in September 2019. Alongside this, the Lloyds Bank Group has also continued to invest in areas where it is under-represented, such as Commercial Banking, in line with the commitments outlined in the Lloyds Bank Group's strategic plan.

In response to changes to the competitive environment from the ongoing shift in digital usage and new entrants, the Lloyds Bank Group's multi-channel and multi-brand offering enables it to continue to meet the varying needs of its diverse customer base effectively. The Lloyds Bank Group's digital channel is now its most prominent, with 75 per cent. of products now originated digitally and the Lloyds Bank Group operates the largest digital bank in the UK with 16.4 million customers and 10.7 million mobile app customers, while its customer satisfaction scores remain strong.

In addition, the Lloyds Bank Group remains committed to retaining the largest branch network in the UK. This allows its customers to interact with the Lloyds Bank Group in whichever way they prefer, while also providing a human touch point for more complex financial needs. The Lloyds Bank Group's network is also key to building and deepening its business banking relationships. The Lloyds Bank Group sees these as unique competitive advantages, and combined with its ongoing commitment to innovation, provide the Lloyds Bank Group with a strong platform to maintain relevance and deepen relationships with its customer base.

For more information see *"Risk Factors – Business and Operational Risks - Lloyds Bank Group's businesses are conducted in competitive environments, with increased competition scrutiny, and Lloyds Bank Group's financial performance depends upon management's ability to respond effectively to competitive pressures and scrutiny"*.

## **Regulation**

### **Approach of the Financial Conduct Authority ("FCA")**

Under FSMA (as amended by the Financial Services Act 2012), the FCA has a strategic objective to ensure that the relevant markets function well. In support of this, the FCA has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system and to promote effective competition in the interests of consumers.

The FCA Handbook sets out rules and guidance across a range of conduct issues with which financial institutions are required to comply including high level principles of business and detailed conduct of business standards and reporting standards.

### **Approach of the Prudential Regulation Authority (“PRA”)**

The PRA is part of the Bank of England, with responsibility for the prudential regulation and supervision of circa 1500 banks, building societies, credit unions, insurers and major investment firms. Their strategy is to deliver a resilient financial sector by seeking: an appropriate quantity and quality of capital and liquidity; effective risk management; robust business models; and sound governance including clear accountability of firms’ management. This strategy supports their two statutory objectives: to promote the safety and soundness of these firms; and to contribute to the securing of an appropriate degree of protection for policyholders (for insurers).

Through regulation, the PRA sets standards/policies which it expects firms to meet, and monitors firms’ compliance. The supervision approach includes three key characteristics:

- Use of judgement to determine whether financial firms are safe and sound, whether insurers provide appropriate protection for policyholders and whether firms continue to meet the threshold conditions (including maintaining appropriate capital and liquidity, and having suitable management arrangements).
- A forward looking approach to assess firms against risks which may arise in the future.
- Focus on those issues and those firms that pose the greatest risk to the stability of the UK financial system and policyholders.

The PRA will change a firm’s business model if they judge that mitigating risk measures are insufficient.

### **Other bodies impacting the regulatory regime**

#### ***The Bank of England and HM Treasury***

The agreed framework for co-operation in the field of financial stability in the financial markets is detailed in the Memorandum of Understanding published jointly by HM Treasury, the FCA and the Bank of England (now including the PRA). The Bank of England has specific responsibilities in relation to financial stability, including: (i) ensuring the stability of the monetary system; (ii) oversight of the financial system infrastructure, in particular payments systems in the UK and abroad; and (iii) maintaining a broad overview of the financial system through its monetary stability role.

#### ***UK Financial Ombudsman Service (“FOS”)***

The FOS provides consumers with a free and independent service designed to resolve disputes where the customer is not satisfied with the response received from the regulated firm. The FOS resolves disputes for eligible persons that cover most financial products and services provided in (or from) the UK. The jurisdiction of the FOS extends to include firms conducting activities under the Consumer Credit Act 1974. Although the FOS takes account of relevant regulation and legislation, its guiding principle is to resolve cases individually on merit on the basis of what is fair and reasonable; in this regard, the FOS is not bound by law or even its own precedent. The final decisions made by the FOS are legally binding on regulated firms who also have a

requirement under the FCA rules to ensure that lessons learned as a result of determinations by the FOS are effectively applied in future complaint handling.

### ***The Financial Services Compensation Scheme (the “FSCS”)***

The FSCS was established under the FSMA and is the UK’s statutory fund of last resort for customers of authorised financial services firms. Companies within Lloyds Bank Group are responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that are unable to meet their obligations to customers. The FSCS can pay compensation to customers if a firm is unable, or likely to be unable, to pay claims against it. The FSCS is funded by levies on firms authorised by the PRA and the FCA, including companies within Lloyds Bank Group.

### ***Lending Standards Board (the “LSB”)***

The LSB is responsible for overseeing the Standards of Lending Practice (for both personal and business customers). The Standards of Lending Practice for personal customers cover six main areas: product and service design; product sales; account maintenance and servicing; money management; financial difficulty; and, customer vulnerability across key lending (current account overdrafts, credit cards, loans and chargecards) to consumers and charities with an income of less than £1 million. The Standards of Lending Practice for business customers apply to business customers, which at the point of lending have a non-complex ownership structure and an annual turnover of up to £25 million. The standards cover nine main areas: product information; product sale; declined applications; product execution; credit monitoring; treatment of customers in financial difficulty; business support units; portfolio management; and customers in vulnerable circumstances for products including loans, overdrafts, commercial mortgages, credit cards, and chargecards.

### ***UK Competition and Markets Authority (“CMA”)***

The objective of the CMA is to promote competition to ensure that markets work well for consumers, businesses and the economy. Since 1 April 2014 the CMA has, with the FCA, exercised the competition functions previously exercised by the Office of Fair Trading and the Competition Commission. Through its five strategic goals (delivering effective enforcement; extending competition frontiers; refocusing competition protection; achieving professional excellence; and, developing integrated performance) the CMA impacts the banking sector in a number of ways, including powers to investigate and prosecute a number of criminal offences under competition law. In addition, the CMA is now the lead enforcer under the Unfair Terms in Consumer Contracts Regulations 1999.

### ***UK Information Commissioner’s Office***

The UK Information Commissioner’s Office (the “ICO”) is the UK’s independent authority set up to uphold information rights in the public interest, promoting openness by public bodies and data privacy for individuals. The ICO’s responsibilities include regulating the Data Protection Act 2018 which enshrines the General Data Protection Regulation. This Act regulates, among other things, the retention and lawful use of data relating to data subjects. The Freedom of Information Act 2000 (the “FOIA”) sets out a scheme under which any person can obtain information held by, or on behalf of, a “public authority” without needing to justify the request. A public authority will not be required to disclose information if certain exemptions set out in the FOIA apply.

### ***The Payments System Regulator (“PSR”)***

The PSR is an independent economic regulator for the payment systems industry, which was launched in April 2015. Payment systems form a vital part of the UK’s financial system – they underpin the services that

enable funds to be transferred between people and institutions. The purpose of the PSR is to make payment systems work well for those that use them. The PSR is a subsidiary of the FCA, but has its own statutory objectives, Managing Director and Board. In summary its objectives are: (i) to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them; (ii) to promote effective competition in the markets for payment systems and services – between operators, payment services providers and infrastructure providers; and (iii) to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems.

### ***Competition Regulation***

The FCA obtained concurrent competition powers with the CMA on 1 April 2015 in relation to the provision of financial services in the UK, in addition to supplementing its existing competition objective. The FCA has been undertaking a programme of work to assess markets across financial services to ascertain whether or not competition is working effectively in the best interests of consumers. In addition, the PRA also has a secondary objective under the Financial Services (Banking Reform) Act to, so far as reasonably possible, act in a way which facilitates effective competition. In July 2019, the CMA signed memoranda of understanding with the FCA and the PSR, which sets out the arrangements for allocating cases, sharing information, dealing with confidentiality constraints, and pooling resources in relation to their concurrent objectives to promote competition. On 22 December 2020, the CMA signed memoranda of understanding with the FCA and the PSR, which sets out the arrangements for allocating cases, sharing information, dealing with confidentiality constraints and pooling resources in relation to their concurrent objectives to promote competition.

The FCA announced on 3 November 2016 that it will take action to improve competition in the current account market, following the CMA's recommendations in the publication of its competition investigation into PCA and SME Banking (9 August 2016). The FCA has published its final report into the 'Strategic Review of Retail Banking Business Models' (18 December 2018) recognising that PCAs are an important source of competitive advantage for major banks. The focus on high cost credit continues with the FCA publishing rules in June 2019 to simplify the pricing of all overdrafts and end higher prices for unarranged overdrafts and enable consumers to compare pricing by including annual percentage rates in advertising. The FCA implemented reforms in the overdraft markets, which came into force in December 2019 and April 2020, which amongst other things required simplified overdraft pricing via an annual interest rate, prices advertised using APRs, banning of fixed charges, firms cannot charge more for unarranged overdraft compared with an arranged.

In February 2020 the CMA published a state of competition report to raise the collective understanding of the level of, and the trends in, competition across the UK economy. The main aim of this work is to better measure and understand the state of the UK competition now and in the future. Thus, Competition can directly benefit individual consumers and the economy as a whole through offering services and encouraging innovation and promoting efficiency, all of which can contribute to economic growth and productivity. This is particularly important given the need to support recovery in the economy following the COVID 19 pandemic.

The HM Treasury has launched the first phase (a call for evidence on regulatory coordination) in its future Regulatory Framework Review (the “**Review**”). The Review as a whole has been triggered primarily by the UK's withdrawal from the EU which will require a recalibration of the regulatory framework.

The FCA continues to act as an observer on the “Open Banking” Steering Group and be involved in developing and testing “prompts” to encourage customers to consider their banking arrangements. The UK Government has a continuing interest in competition.

The current regulatory regime may lead to greater UK Government and regulatory scrutiny or intervention in the future, ranging from enforced product and service developments and payment system changes to



significant structural changes. This could have a significant effect on Lloyds Bank Group's operations, financial condition or the business of Lloyds Bank Group.

### ***EU Regulation***

Following the UK's withdrawal from the EU, financial institutions operating in the UK are no longer directly subject to EU legislation. However, much of the EU legislation that previously applied to UK financial institutions has been incorporated into UK law through a process known as on-shoring. It is possible that over time the UK will depart from EU derived financial regulatory standards. The Lloyds Bank Group will continue to monitor changes to legislation, providing specialist input on their drafting and assess the likely impact on its business.

See also *“Regulatory and Legal Risks – Lloyds Bank Group faces risks associated with its compliance with a wide range of laws and regulations”, “Regulatory and Legal Risks - Legal and regulatory risk arising from the UK's exit from the EU could adversely impact Lloyds Bank Group's business, operations, financial condition and prospects” and “Regulatory and Legal Risks – Lloyds Banking Group and its subsidiaries, including Lloyds Bank Group, are subject to resolution planning requirements, which could have an adverse impact on Lloyds Bank Group's business”.*

### ***U.S. Regulation***

LBCM maintains a branch in the U.S., and the Bank maintains a representative office in the U.S. As a result, the Company and its subsidiaries doing business or conducting activities in the U.S. are subject to oversight by the Federal Reserve Board.

Each of the Company, the Bank, HBOS and Bank of Scotland plc as well as the Bank's sister company LBCM are treated as a financial holding company under the U.S. Bank Holding Company Act of 1956. Financial holding companies may engage in a broader range of financial and related activities than are permitted to bank holding companies that do not maintain financial holding company status, including underwriting and dealing in all types of securities. A financial holding company and its depository institution subsidiaries must meet certain capital ratios and be deemed to be “well managed” for purposes of the Federal Reserve Board's regulations. A financial holding company's direct and indirect activities and investments in the United States are limited to those that are “financial in nature” or “incidental” or “complementary” to a financial activity, as determined by the Federal Reserve Board.

Financial holding companies may engage in a broader range of financial and related activities than are permitted to bank holding companies that do not maintain financial holding company status, including underwriting and dealing in all types of securities. A financial holding company and its depository institution subsidiaries must meet certain capital ratios and be deemed to be “well managed” for purposes of the Federal Reserve Board's regulations. A financial holding company's direct and indirect activities and investments in the United States are limited to those that are “financial in nature” or “incidental” or “complementary” to a financial activity, as determined by the Federal Reserve Board.

Financial holding companies are also subject to approval requirements in connection with certain acquisitions or investments. For example, the Company is required to obtain the prior approval of the Federal Reserve Board before acquiring, directly or indirectly, the ownership or control of more than 5 per cent. of any class of the voting shares of any U.S. bank or bank holding company.

A major focus of U.S. governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with U.S. economic sanctions, with serious legal and reputational consequences for any failures arising in these areas. Lloyds Bank Group

engages, or has engaged, in a limited amount of business with counterparties in certain countries which the U.S. State Department designated during the reporting period as state sponsors of terrorism, including Iran, Syria, Sudan and North Korea. Lloyds Bank Group intends to engage in new business in such jurisdictions only in very limited circumstances where the Group is satisfied concerning legal, compliance and reputational issues. At 31 December 2020, Lloyds Bank Group did not believe that its business activities relating to countries designated as state sponsors of terrorism in 2020 were material to its overall business.

Lloyds Bank Group estimates that the value of its business in respect of such states represented less than 0.01 per cent. of its total assets and, for the year ended December 2020, Lloyds Bank Group believes that its revenues from all activities relating to such states were less than 0.001 per cent. of its total income. This information has been compiled from various sources within Lloyds Bank Group, including information manually collected from relevant business units, and this has necessarily involved some degree of estimate and judgement.

The Bank was registered as a swap dealer and as such, was subject to regulation and supervision by the Commodity Futures Trading Commission (“CFTC”) and the National Futures Association with respect to certain of its swap activities, including risk management practices, trade documentation and reporting, business conduct and recordkeeping, among others.

***Disclosure pursuant to section 219 of the Iran Threat Reduction and Syria Human Rights Act (“ITRA”)***

Since the introduction of an enhanced financial sanctions policy, the Lloyds Bank Group has been proactive in reducing its dealings with Iran and individuals and entities associated with Iran. There remain a small number of historic Iran-related business activities which the Lloyds Bank Group has not yet been able to terminate for legal or contractual reasons.

Pursuant to ITRA Section 219, the Group notes that during 2020, its non-US affiliates, Lloyds Bank plc and Bank of Scotland plc, received or made payments involving entities owned or controlled by the Government of Iran as defined under section 560.304 of title 31, Code of Federal Regulations, and/or designated under Executive Order 13382 or 13224. In all cases, the payment was permitted under UK and EU sanctions legislation, specific authority was sought from and granted by HM Treasury, the UK’s Competent Authority to provide such authorisations or the payment(s) were credited to a blocked account, held in the name of the entity, in accordance with UK and EC sanctions legislation.

Gross revenues from these activities were approximately £4,000. Net profits from these activities were approximately £4,000.

The Lloyds Bank Group’s businesses, being reported below, are conducted in compliance with applicable laws in respect of Iran and Syria sanctions and, except as noted below, the Lloyds Bank Group intends to continue these historic activities until it is able to legally terminate the contractual relationships or to maintain/manage them in accordance with prevailing sanctions obligations. The nature of these activities is as follows:

1. Limited and infrequent payments made to and received from entities directly or indirectly linked to the Government of Iran. Such payments are only made if they comply with UK regulation and legislation and/or licence from the U.S. Treasury Department’s Office of Foreign Assets Control.

2. Payments made to a blocked account in the name of Commercial Bank of Syria related to historic guarantees, entered into by the Lloyds Bank Group between 1997 and 2008, the majority of which relate to Bail Bonds for vessels. The Commercial Bank of Syria is designated under Executive Order 13382.

3. Lloyds Bank Group continues to provide payment clearing services to a UK based and UK authorised bank, one of whose account holders is an entity designated under Executive Order 13224 (although not by the

UK or EU authorities). Lloyds Bank Group concludes from the nature of such payment clearing services that revenue and profit (if any) arising from indirectly providing such services to the designated entity is negligible and not material to the Lloyds Bank Group's activities and in any event does not flow directly from the designated entity. To the extent that the activities of the designated entity and its UK authorised bank continue to comply with UK regulation and legislation, Lloyds Bank Group intends to continue its activities and keep them under review.

## **Legal Actions and Regulatory Matters**

During the ordinary course of business the Lloyds Bank Group is subject to threatened or actual legal proceedings and regulatory reviews and investigations both in the UK and overseas. Set out below is a summary of the more significant matters.

### ***Payment Protection Insurance***

#### ***Payment Protection Insurance (excluding MBNA)***

The Lloyds Bank Group has made provisions for PPI costs totalling £21,906 million; of which £85 million was recognised in the final quarter of the year ended 31 December 2020. Of the approximately six million enquiries received pre-deadline, more than 99 per cent. have now been processed. The £85 million charge in the fourth quarter was driven by the impact of coronavirus delaying operational activities during 2020, the final stages of work to ensure operational completeness ahead of an orderly programme close and final validation of information requests and complaints with third parties that resulted in a limited number of additional complaints to be handled. A small part of the costs incurred during the year also reflect the costs associated with litigation activity to date.

At 31 December 2020, a provision of £198 million remained unutilised relating to complaints and associated administration costs excluding amounts relating to MBNA. Total cash payments were £1,459 million during the year ended 31 December 2020.

#### ***Payment Protection Insurance (MBNA)***

Lloyds Bank Group's exposure continues to remain capped at £240 million under the terms of the MBNA sale and purchase agreement. No additional charge has been made by MBNA to its PPI provision in the year ended 31 December 2020; total cash payments in the year were £241 million and the remaining provision at 31 December 2020 was £61 million (31 December 2019: £302 million).

### ***Other provisions for legal actions and regulatory matters***

In the course of its business, the Lloyds Bank Group is engaged in discussions with the PRA, FCA and other UK and overseas regulators and other governmental authorities on a range of matters. The Lloyds Bank Group also receives complaints in connection with its past conduct and claims brought by or on behalf of current and former employees, customers, investors and other third parties and is subject to legal proceedings and other legal actions. Where significant, provisions are held against the costs expected to be incurred in relation to these matters and matters arising from related internal reviews. During the year ended 31 December 2020, the Lloyds Bank Group charged a further £329 million in respect of legal actions and other regulatory matters, and the unutilised balance at 31 December 2020 was £261 million (31 December 2019: £395 million). The most significant items are as follows:

#### ***HBOS Reading –Review***

The Lloyds Bank Group completed its compensation assessment for those within the Customer Review in 2019 with more than £109 million of compensation paid, in addition to £15 million for ex-gratia payments

and £6 million for the reimbursement of legal fees. The Lloyds Bank Group is applying the recommendations from Sir Ross Cranston's review, issued in December 2019, including a reassessment of direct and consequential losses by an independent panel, an extension of debt relief and a wider definition of de facto directors. Further details of the panel were announced on 3 April 2020 and the panel's full scope and methodology was published on 7 July 2020. The panel's stated objective is to consider cases via a non-legalistic and fair process, and to make their decisions in a generous, fair and common-sense manner. Details of an appeal process for the further assessments of debt relief and de facto director status have also been announced. The Lloyds Bank Group continues to make progress on its assessment of claims for further debt relief and de facto director status, completing preliminary assessments for 98 per cent. of claims on both debt relief and de facto directors. As part of these activities the Lloyds Bank Group has recorded charges in relation to compensation payments and associated costs (projected to the fourth quarter of 2021) in 2020 in applying the recommendations, in respect of debt relief and de facto director status. During 2021, decisions from the independent panel re-review on direct and consequential losses will start to be issued, which is likely to result in further charges but it is not possible to estimate the potential impact at this stage. The Lloyds Bank Group is committed to implementing Sir Ross' recommendations in full.

The Dame Linda Dobbs review, which is considering the Lloyds Bank Group's handling of HBOS Reading between January 2009 and January 2017, is now expected to complete towards the end of 2021. The cost of undertaking the review is included in the revised provision.

The 2020 charge of £159 million, and lifetime cost of £435 million, includes both compensation payments and operational costs.

#### *Arrears handling related activities*

The Lloyds Bank Group has provided an additional £35 million in the year ended 31 December 2020 for arrears handling related activities, bringing the total provided to date to £1,016 million; the unutilised balance at 31 December 2020 was £62 million.

#### *Other*

Following the sale of TSB Banking Group plc, Lloyds Bank Group raised a provision of £665 million in relation to various ongoing commitments; £111 million of this provision remained unutilised at 31 December 2020.

Provisions are made for staff and other costs related to Lloyds Bank Group restructuring initiatives at the point at which the Lloyds Bank Group becomes committed to the expenditure. At 31 December 2020 provisions of £196 million (31 December 2019: £114 million) were held.

Lloyds Bank Group carries provisions of £112 million (2019: £118 million) for indemnities and other matters relating to legacy business disposals in prior years.

#### ***Interchange fees***

With respect to multi-lateral interchange fees ("MIFs"), the Lloyds Banking Group is not involved in the ongoing litigation (as described below) which involves card schemes such as Visa and Mastercard. However, the Lloyds Bank Group is a member/licensee of Visa and Mastercard and other card schemes. The relevant litigation is as follows:

- litigation brought by retailers against both Visa and Mastercard continues in the English courts (and includes a judgment of the Supreme Court in June 2020 upholding the Court of Appeal's finding in 2018 that historic interchange arrangements of Mastercard and Visa infringed competition law); and

- litigation brought on behalf of UK consumers in the English courts against Mastercard, which the Supreme Court has now confirmed can proceed.

Any impact on the Lloyds Bank Group of the litigation against Visa and Mastercard remains uncertain at this time. Insofar as Visa is required to pay damages to retailers for interchange fees set prior to June 2016, contractual arrangements to allocate liability have been agreed between various UK banks (including the Lloyds Banking Group) and Visa Inc, as part of Visa Inc's acquisition of Visa Europe in 2016. These arrangements cap the maximum amount of liability to which the Lloyds Banking Group may be subject, and this cap is set at the cash consideration received by the Lloyds Banking Group for the sale of its stake in Visa Europe to Visa Inc in 2016. In 2016, Lloyds Bank Group received Visa preference stock as part of the consideration for the sale of its shares in Visa Europe. In 2020, some of these Visa preference shares were converted into Visa Inc Class A common stock (in accordance with the provisions of the Visa Europe sale documentation) and they were subsequently sold by Lloyds Bank Group. The sale had no impact on this contingent liability.

### ***LIBOR and other trading rates***

Certain Lloyds Banking Group companies, together with other panel banks, have been named as defendants in private lawsuits, including purported class action suits, in the U.S. in connection with their roles as panel banks contributing to the setting of U.S. Dollar, Japanese Yen and Sterling LIBOR and the Australian BBSW reference rate. Certain of the plaintiffs' claims have been dismissed by the U.S. Federal Court for the Southern District of New York (subject to appeals).

Certain Lloyds Banking Group companies are also named as defendants in (i) UK based claims; and (ii) two Dutch class actions, raising LIBOR manipulation allegations. A number of the claims against the Lloyds Banking Group in relation to the alleged mis-sale of interest rate hedging products also include allegations of LIBOR manipulation.

Furthermore, the Swiss Competition Commission concluded its investigation against Lloyds Bank plc in June 2019. However, the Lloyds Banking Group continues to respond to litigation arising out of the investigations into submissions made by panel members to the bodies that set LIBOR and various other interbank offered rates.

It is currently not possible to predict the scope and ultimate outcome on the Lloyds Banking Group of the various outstanding regulatory investigations not encompassed by the settlements, any private lawsuits or any related challenges to the interpretation or validity of any of the Lloyds Banking Group's contractual arrangements, including their timing and scale. As such, it is not practicable to provide an estimate of any potential financial effect.

### ***Tax authorities***

The Lloyds Banking Group has an open matter in relation to a claim for group relief of losses incurred in its former Irish banking subsidiary, which ceased trading on 31 December 2010. In 2013, HMRC informed the Lloyds Banking Group that their interpretation of the UK rules means that the group relief is not available. In 2020, HMRC concluded their enquiry into the matter and issued a closure notice. The Lloyds Banking Group's interpretation of the UK rules has not changed and hence it has appealed to the First Tier Tax Tribunal, with a hearing expected in early 2022. If the final determination of the matter by the judicial process is that HMRC's position is correct, management estimate that this would result in an increase in current tax liabilities of approximately £700 million (including interest) and a reduction in deferred tax assets of approximately £270 million. The Lloyds Banking Group, having taken appropriate advice, does not consider that this is a case where additional tax will ultimately fall due.

There are a number of other open matters on which the Lloyds Bank Group is in discussions with HMRC (including the tax treatment of certain costs arising from the divestment of TSB Banking Group plc), none of which is expected to have a material impact on the financial position of the Group.

#### ***Contingent liabilities in respect of other legal actions and regulatory matters***

In addition, during the ordinary course of business the Lloyds Bank Group is subject to other complaints and threatened or actual legal proceedings (including class or group action claims) brought by or on behalf of current or former employees, customers, investors or other third parties, as well as legal and regulatory reviews, challenges, investigations and enforcement actions, both in the UK and overseas. All such material matters are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Lloyds Bank Group incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to management's best estimate of the amount required at the relevant balance sheet date. In some cases it will not be possible to form a view, for example because the facts are unclear or because further time is needed properly to assess the merits of the case, and no provisions are held in relation to such matters. In these circumstances, specific disclosure in relation to a contingent liability will be made where material. However the Lloyds Bank Group does not currently expect the final outcome of any such case to have a material adverse effect on its financial position, operations or cash flows.

#### **Major Shareholders and Related Party Transactions**

##### ***Major Shareholders***

The Bank is a wholly owned subsidiary of the Company. Based solely on the Schedule 13-G filed by BlackRock, Inc. with the SEC dated 29 January 2021, as at 31 December 2020, BlackRock, Inc. beneficially owned 7.7 per cent. (represented by 5,443,120,289 ordinary shares) of the Company's issued ordinary share capital. Based solely on the Form TR-1 filed with the FCA dated 19 May 2020, as at 15 May 2020, Harris Associates LP beneficially owned 5.00 per cent. (represented by 3,523,149,161 ordinary shares) of the Company's issued ordinary share capital. Further information on HM Treasury's previous shareholding in the Company is provided in "History and Development of Lloyds Banking Group".

As at 19 February 2021, the Company had 2,335,527 registered ordinary shareholders. The majority of the Company's ordinary shareholders are registered in the United Kingdom. 2,246,104,217 ordinary shares, representing 3.17 per cent. of the Company's issued share capital, were held by BNY Mellon as depositary for the ordinary share American Depositary Share Programme through which there were 191 record holders.

Additionally, the majority of the Company's preference shareholders are registered in the United Kingdom, with a further one record holder with an address in the U.S. registered through the Company's preference share American Depositary Share Programme.

All shareholders within a class of the Company's shares have the same voting rights.

##### ***Related Party Transactions***

The Lloyds Bank Group, as at 31 December 2020, had related party transactions with certain of its key management personnel, pension funds, collective investment schemes and joint ventures and associates.

The Bank, as a result of its position as parent of a banking group, has a large number of transactions with various of its subsidiary undertakings.

## Directors of the Bank

The Directors of the Bank, the business address of each of whom is 25 Gresham Street, London EC2V 7HN, England, and their respective principal outside activities, are as follows:

<b>Name</b>	<b>Principal outside activities</b>
<b>Non-Executive Directors</b>	
<b>Robin Budenberg CBE</b> Chair	Chairman of The Crown Estate.
<b>Sarah Bentley</b> Independent Director	Chief Executive of Thames Water and a Director of Water UK.
<b>Alan Dickinson</b> Deputy Chair	Non-Executive Director of the England and Wales Cricket Board.
<b>Brendan Gilligan</b> Independent Director	Non-Executive Director of Lighthouse General Insurance Co Limited, Lighthouse Life Assurance Co Limited and Cabot Credit Management Group Limited.
<b>Nigel Hinshelwood</b> Senior Independent Director	Non-Executive Director of Nordea Holdings Abp and member of Lloyds of London's Technology and Transformation Committee, the International Advisory Council of Adobe Systems Software Ireland Limited, the Advisory Council of the International Association of Credit Portfolio Managers and the Finance and Risk Committee of Business in the Community.
<b>Sarah Legg</b> Independent Director	Chair of the Campaign Advisory Board, King's College, Cambridge University and Honorary Vice President of the Hong Kong Society for Rehabilitation.
<b>Lord Lupton CBE</b> Independent Director and Chair of Lloyds Bank Corporate Markets plc	Senior Advisor to Greenhill Europe, a Trustee of the Lovington Foundation and Chairman of the Board of Visitors of the Ashmolean Museum.
<b>Amanda Mackenzie OBE</b> Independent Director	Chief Executive of Business in the Community, The Prince's Responsible Business Network.
<b>Nick Prettejohn</b> Independent Director and Chair of Scottish Widows Group	Chairman of the board of Reach plc, Chairman of the charity Prisoners Abroad and a member of the board of Opera Ventures.
<b>Stuart Sinclair</b> Independent Director	Chairman of International Personal Finance plc and of Willis Limited.
<b>Catherine Woods</b> Independent Director	Non-Executive Director of Beazley plc and Chair of the re-insurance and European insurance subsidiary, Beazley Insurance. Non-Executive Director and Deputy Chair of BlackRock Asset Management Ireland Limited.

## Executive Directors

### William Chalmers<sup>3</sup>

Executive Director, Acting Group

Chief Executive, and Chief

Financial Officer

None.

Harmeen Mehta has been appointed as an independent Non-Executive Director of the Bank with effect from 1 November 2021.

The Board has a comprehensive procedure for reviewing and, as permitted by the Companies Act 2006 and the Bank's articles of association, approving actual or potential conflicts of interest between the duties of the directors to the Bank and their private interests or other duties as listed above.

Directors have a duty to notify the Chair and Group Company Secretary as soon as they become aware of actual or potential conflict situations. Changes to commitments of all Directors are approved by the Board and a register of potential conflicts and time commitments is regularly reviewed and authorised by the Board to ensure the authorisation status remains appropriate.

None of the directors of the Bank, except for Lord Lupton, has any actual or potential conflict between their duties to the Bank and their private interests or other duties listed in the table above. Lord Lupton is a senior advisor to Greenhill Europe, an investment bank focused on providing financial advice on significant mergers, acquisitions, restructurings, financings and capital raising to corporations, partnerships, institutions and governments. The Board has recognised that a potential conflict may arise as a result of this position. The Board has authorised the potential conflict and requires Lord Lupton to recuse himself from discussions, should the need arise.

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<sup>3</sup> Charlie Nunn's appointment as Group Chief Executive and Executive Director will start on 16 August 2021.



## **TAXATION**

### **1. General**

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Bank and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the jurisdiction discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

### **2. United Kingdom Taxation**

The comments below are based on current United Kingdom tax law as applied in England and Wales and published HMRC practice (which may not be binding on HMRC), in each case as at the latest practicable date before the date of this Prospectus, relating to certain aspects of United Kingdom taxation. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons (such as dealers) to whom special rules may apply. Any Noteholders who are in doubt as to their tax position or may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisers.

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

#### **Taxation of Interest on the Notes**

- (i) Any Notes which carry a right to interest within the meaning of section 987 of the Income Tax Act 2007 (the “**Act**”) 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 Act or admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or EEA-regulated recognised stock exchange within the meaning of sections 987 and 1005 of the Act. Payments of interest by the Bank on the Notes, if they are “quoted eurobonds”, may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for the purposes of section 1005 of the Act. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part VI of the Financial Services and Markets Act 2000) by the FCA and admitted to trading on the London Stock Exchange.
- (ii) The International Securities Market (“**ISM**”) is a multilateral trading facility operated by the London Stock Exchange, which is a UK, Gibraltar or EEA-regulated recognised stock exchange for the purposes of sections 987 and 1005 of the Act.
- (iii) Interest on Notes with a maturity date of less than one year and which are not issued with the intention, or under a scheme or arrangement the effect of which is, that such Notes form part of a borrowing intended to be capable of remaining outstanding for a year or more may be paid without withholding or deduction for or on account of United Kingdom income tax.
- (iv) Where Notes are issued at an issue price of less than 100 per cent. of their principal amount any payments in respect of the accrued discount will not generally be made subject to any withholding or deduction on account of United Kingdom income tax as long as they do not constitute payments in respect of interest.

- (v) Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest and, if so, any such payment of interest may (subject to paragraphs (i) to (iii) above) be subject to United Kingdom withholding tax at the basic rate of income tax (currently 20 per cent.).
- (vi) In all other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary HMRC may provide in respect of any relief which may be available pursuant to the provisions of an applicable double taxation treaty.
- (vii) Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom for tax purposes may be able to recover all or part of the tax deducted under an applicable double taxation treaty.

### **United Kingdom Source Interest**

The interest is expected to have a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment irrespective of the residence of the Noteholder. Where the interest is paid without withholding or deduction for or on account of United Kingdom tax, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes (other than certain trustees) who are not resident for tax purposes in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable or (in the case of companies) such persons carry on a trade in the United Kingdom through a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case United Kingdom tax may be levied on the United Kingdom branch, agency or permanent establishment. There are exemptions for interest received by certain categories of agent.

Noteholders should recognise that the provisions relating to additional amounts referred to in “*Terms and Conditions of the Notes — Taxation*” would not apply if HMRC sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

## SUBSCRIPTION AND SALE

### Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement originally dated 4 October 1996 and amended and restated on 2 July 2021 (as modified and/or supplemented and/or restated as at the date of the issue of the Notes, the “**Programme Agreement**”) between the Bank, the Dealers (the “**Permanent Dealers**”) and such additional persons that are appointed as dealers in respect of the Programme (and whose appointment has not been terminated), as the case may be, and the Arranger, the Notes will be offered on a continuous basis by the Bank to the Permanent Dealers and any such additional dealers. However, the Bank has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Bank through the Dealers, acting as agents of the Bank. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Bank may pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Bank has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the establishment and update of the Programme.

The Bank has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Bank.

### Other Relationships

Some of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking, hedging activities and other commercial dealings in the ordinary course of business with the Bank or any of its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Bank or any of 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 Dealers and their 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 Bank or any of its affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and their 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 the Bank’s securities, including potentially any Notes which may be offered under the Programme. Any such short positions could adversely affect future trading prices of any Notes offered under the Programme. The Dealers and their 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.

## **SELLING RESTRICTIONS**

### **United States**

The Notes have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder.

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Programme Agreement, it will not offer, sell or, in the case of Bearer Notes, deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering of such Tranche of Notes) may violate the registration requirements of the Securities Act.

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

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

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

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms or Pricing Supplement in relation thereto 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:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) 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 MiFID II.

## **Prohibition of Sales to UK Retail Investors**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms or Pricing Supplement in relation thereto to any retail investor in the UK. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (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 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.

## **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Australian Corporations Act**") in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission ("**ASIC**") or any other government agency. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, unless the applicable Final Terms or Pricing Supplement (or a relevant supplement to this Prospectus) otherwise provides, it:

- (a) has not made or invited, and will not make or invite, an offer of the Notes for issue or sale in Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, this Prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless:

- (i) the aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation does not otherwise require disclosure to investors under Parts 6D.2 or 7.9 of the Australian Corporations Act;

- (ii) the offer or invitation does not constitute an offer to a “retail client” for the purposes of section 761G and 761GA of the Australian Corporations Act;
- (iii) such action complies with any applicable laws, regulations and directives (including without limitation, the licensing requirements set out in Chapter 7 of the Australian Corporations Act) in Australia; and
- (iv) such action does not require any document to be lodged with ASIC.

In addition, each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with the directive issued by the Australian Prudential Regulation Authority dated 21 March 2018 as contained in Banking exemption No. 1 where the Dealer offers Notes for sale in relation to an issuance. This order requires all offers and transfers to be in parcels of not less than A\$500,000 (or its equivalent in another currency) in aggregate principal amount. Banking exemption No. 1 does not apply to offers for sale and transfers which occur outside Australia.

## **Belgium**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that it has not made and will not make an offer of the Notes to the public, as defined in Article 4, 2° of the Belgian law of 11 July 2018 on the offering of investment instruments to the public and the admission of investment instruments to trading on regulated markets, as amended from time to time, (the “**Belgian Prospectus Law**”), save in those circumstances set out in Article 7, §1 and 10, §2-5 of the Belgian Prospectus Law, provided that no such offer of Notes shall require the Bank or any Dealer to publish a prospectus or supplement thereto pursuant to Articles 7, §2 and 8 of the Belgian Prospectus Law or an information note (*informatienota/note d’information*) pursuant to Articles 10, §1 and 11 of the Belgian Prospectus Law.

The offering is exclusively conducted under applicable private placement exemptions and therefore it has not been and will not be notified to, and this Prospectus or any other offering material relating to the Notes has not been and will not be approved by, the Belgian Financial Services and Markets Authority (*Autorité des Services et marchés financiers / Autoriteit voor financiële diensten en markten*).

This Prospectus has been issued to the intended recipients for personal use only and exclusively for the purpose of the offering of Notes. Accordingly, the information contained herein may not be used for any other purpose nor disclosed to any other person in Belgium.

## **Bermuda**

This Prospectus and the Notes offered hereby have not been, and will not be, filed or registered under the laws and regulations of Bermuda, nor has any regulatory authority in Bermuda passed comment upon or approved the accuracy or adequacy of this Prospectus. The Notes offered hereby may not be offered to the public in Bermuda, except in compliance with the provisions of the Investment Business Act 2006 of Bermuda which regulates the sale of securities in Bermuda and neither this Prospectus, which has not been submitted to the Bermuda Minister of Finance, the Bermuda Registrar of Companies or the Bermuda Monetary Authority, nor any offering material or information contained herein relating to the Notes, may be supplied to the public in Bermuda or used in connection with any offer for the subscription or sale of Notes to the public in Bermuda.

## **Cayman Islands**

No offer or invitation by, or on behalf of, the Bank to subscribe for the Notes may be made from a place of business in the Cayman Islands to the public in the Cayman Islands.

## **Colombia**

This Prospectus does not constitute an invitation to invest or a public offer in the Republic of Colombia and is not governed by Colombian law. The Notes to be issued under this Prospectus have not and will not be marketed, offered, sold or distributed in Colombia or to Colombian residents except in circumstances which do not constitute a public offer of securities in Colombia under applicable Colombian securities laws and regulations. The issuance of the Notes, its trading, and payment shall occur outside Colombia; therefore, the Notes have not been and will not be registered in the Colombian National Registry of Securities and Issuers (*Registro Nacional de Valores y Emisores*) managed by the Colombian Superintendence of Finance and will not be listed in the Colombian Stock Exchange (*Bolsa de Valores de Colombia*). The Notes may not be promoted or marketed in Colombia or to Colombian residents unless such promotion and marketing is made in compliance with Part IV of Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign financial and/or securities related products or services in Colombia.

This Prospectus is for the sole and exclusive use of the person or entity into whose possession this Prospectus comes and cannot be understood as addressed or be used by any third party, including but not limited to third parties for which the person or entity into whose possession this Prospectus comes can legally or contractually represent, nor any of its limited partners, administrators, or by any of the employees of the person or entity into whose possession this Prospectus comes. Any material to be delivered in Colombia or to any person located, domiciled or established in Colombia, may not be reproduced and shall be for the sole and exclusive use of the person or entity into whose possession this Prospectus comes.

The person or entity into whose possession this Prospectus comes is deemed to acknowledge that no distinction between qualified institutional buyers and retail buyers is made under Colombian laws. Investors are deemed to acknowledge the Colombian laws and regulations (including but not limited to foreign exchange and tax regulations) applicable to any transaction or investment consummated in connection with this Prospectus and are deemed to represent that they are the sole liable party for full compliance with any such laws and regulations. The investors are deemed to represent that the investment in the Notes is a permitted investment for them under their corporate bylaws and/or particular investment regime that may be applicable and that the investment is in compliance with all provisions, limits and restrictions imposed by such investor's internal guidelines, investment policies and principles (including those relating to permissible investments and percentages of assets that may be invested in foreign currency or in assets located outside Colombia) and all other relevant acts and regulations concerning the ability of such investor to invest in the Notes.

Additionally, Colombian investors are deemed to acknowledge that the delivery of this Prospectus and any other documents related hereto does not constitute investment advisory services, thus, Colombian investors are solely liable for conducting an investment suitability analysis as per their applicable investment regime.

## **Dubai International Financial Centre**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (i) an “Exempt Offer” in accordance with the Markets Rules module (MKT) of the Dubai Financial Services Authority (the “**DFSA**”) Rulebook; and
- (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business Module of the DFSA Rulebook.

## **France**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold and will only offer or sell, directly or indirectly, any Notes in France and it has only distributed or caused to be distributed and will only distribute or cause to be distributed in France, this Prospectus, the applicable Final Terms or Pricing Supplement or any other offering material relating to the Notes and such offers to qualified investors as defined in Article 2(e) of the Prospectus Regulation.

## **Gibraltar**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, it has not made and will not make an offer of the Notes which are the subject of the offering contemplated by this Prospectus as completed by the applicable Final Terms or Pricing Supplement in relation thereto to the public in Gibraltar except that it may make an offer of such Notes to the public in Gibraltar if:

- (i) the total consideration of the offer in the European Union is not more than €8,000,000 calculated over a period of 12 months; and
- (ii) the offer is not subject to notification in accordance with Article 25 of the Prospectus Regulation.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) with respect to anything done by it in relation to the Notes, in, from or otherwise involving Gibraltar, it has complied and will continue to comply with all provisions applicable to it under Part 19 of the Financial Services Act 2019 (“**FSA 2019**”); and
- (ii) it will not issue or cause to be issued, make or cause to be made, any investment advertisement or promotion in or from within Gibraltar, unless:
  - (a) it is authorised and/or approved to do so under the provisions applicable to it under Part 7, Permission of the FSA 2019 ; and
  - (b) it has received the prior written approval of the Bank.

## **Guernsey**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not marketed, offered or sold and will not market, offer or sell Notes in or to persons resident in Guernsey other than in compliance with the licensing requirements of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (the “**POI Law**”) or any exemption therefrom.



To the extent to which any promotion of the Notes is deemed to take place in the Bailiwick of Guernsey, the Notes are only being promoted in or from within the Bailiwick of Guernsey (i) by persons licensed to do so (or permitted by way of exemption granted) by the Guernsey Financial Services Commission (the “**GFSC**”) under the POI Law; (ii) to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who: (a) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the GFSC, afford adequate protection to investors; and (b) meet the criteria specified in section 29(1)(cc) of the POI Law; or (iii) by reverse solicitation. Promotion is not being made in any other way

## **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) other than (a) to “professional investors” as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **Ireland**

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it will not offer, underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (the “**MiFID II Regulations**”) including, without limitation, Regulation 5 thereof or any rules or codes of conduct made under the MiFID II Regulations, and the provisions of the Investor Compensation Act 1998 (as amended);
- (ii) it will not offer, underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Companies Act 2014 of Ireland (as amended) (the “**Companies Act 2014**”), the Central Banks Acts 1942 to 2018 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);

- (iii) it will not offer, underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus Regulation and any rules and guidance issued by the Central Bank of Ireland (the “**Central Bank**”) under Section 1363 of the Companies Act 2014;
- (iv) it will not offer, underwrite the issue of, place, or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 (as amended) and any rules and guidance issued by the Central Bank under Section 1370 of the Companies Act 2014; and
- (v) no Notes will be offered or sold with a maturity of less than 12 months except in full compliance with Notice BSD C 01/02 issued by the Central Bank.

## Isle of Man

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not marketed, offered or sold and will not market, offer or sell the Notes in or to persons resident in the Isle of Man other than in compliance with the licensing requirements of the Isle of Man Financial Services Act 2008, as amended, or any exclusion or exemption therefrom.

This Prospectus has not been, and is not required to be, filed or lodged with any regulatory or other authority in the Isle of Man. The Bank is not subject to regulatory approval in the Isle of Man and holders of Notes are not protected by any statutory compensation arrangements in the event of the Bank’s failure. The Isle of Man Financial Services Authority does not vouch for the financial soundness of the Bank or the correctness of any statements made or opinions expressed with regard to it.

## Israel

The Notes offered hereby are not being sold pursuant to a prospectus that has been qualified with the Israeli Securities Authority. As such, the Notes may not be offered in Israel or to Israeli residents other than to persons who have confirmed in writing prior to and in connection with their investment that (i) they are among the types of investors listed in Sections (1) – (9) of Appendix 1 of the Securities Law, 5728-1968, of the State of Israel (an “**Exempted Investor**”), (ii) they are aware of the legal consequences of their qualifying as an Exempted Investor and consent thereto, and (iii) they are purchasing the Notes for their own account, for investment purposes, and without a present intention of resale.

## 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 “**Financial Instruments and Exchange Act**”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **Jersey**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not circulated or made available, and will not circulate or make available, this Prospectus or any offer for subscription, sale or exchange of the Notes in Jersey except in accordance with all relevant legal and regulatory requirements of Jersey law.

## **Malta**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that: (i) it has not issued or caused to be issued and it will not issue or cause to be issued any investment advertisement, as defined in the Investment Services Act (Chapter 370 of the Laws of Malta) (the “ISA”), in relation to the Notes or the offer of Notes, in or from within Malta, except that it may issue or cause to be issued such investment advertisement in or from within Malta if it is issued or its contents have been approved by a licence holder in terms of the ISA or if and to the extent that an exemption from the requirements set out in article 11(1)(b) of the ISA applies under Maltese law; (ii) if any offer of Notes is made by it to the public in Malta and/or any advertisement or any other document or information in relation to an offer of Notes or the Notes is issued or caused to be issued by it in or from Malta, such offer will be made and/or such advertisement, document or information will be so issued or caused to be issued in accordance with Maltese law; (iii) it has complied and will comply with all applicable provisions of the ISA (and all rules and regulations issued thereunder) with respect to anything done by it in relation to the Notes in, from, or otherwise involving Malta; and (iv) it will conduct itself in accordance with any codes or rules of conduct and any conditions or requirements imposed by the Malta Financial Services Authority with respect to anything done by it in relation to the Notes in, from, or otherwise involving Malta.

Each Dealer has further represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not issue or cause to be issued any investment advertisement, as defined in the ISA, in relation to the Notes or the offer of Notes, in or from within Malta, unless it is authorised to do so by the Bank.

## **Monaco**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Notes shall not be marketed, offered or sold, directly or indirectly, by it to the public in Monaco other than by a Monaco duly authorised intermediary acting as a professional institutional investor which has such knowledge and experience in financial and business matters as to be capable of evaluating the risks and merits of an investment in the Notes. Consequently, the Notes may only be communicated to banks duly licensed by the *Autorité de Contrôle Prudentiel et de Résolution* and by the *Ministère d’Etat* and/or to fully licensed portfolio management companies the licence of which has been granted by the Commission de *Contrôle des Activités Financières* by virtue of Law n° 1.338 of 7 September 2007.

The recipients of this Prospectus perfectly understand English and expressly waive the possibility of a French translation of this Prospectus. *Les destinataires du présent document comprennent parfaitement la langue anglaise et renoncent expressément à une traduction française.*

## **People’s Republic of China**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold

by it or any of its affiliates, directly or indirectly, in the People's Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions or Taiwan), except as permitted by the applicable laws of the People's Republic of China.

## **Republic of Italy**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available, and will not offer, sell or otherwise make available, any Notes to any investor in Italy.

## **Republic of Korea**

The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act and its subordinate decrees and regulations (collectively the “**FSCMA**”). The Notes may not be offered, sold or delivered, directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except as otherwise permitted under the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law and its subordinate decrees and regulations (collectively, the “**FETL**”). Without prejudice to the foregoing, the number of the Notes offered in Korea or to a resident in Korea shall be less than fifty, and for a period of one year from the Issue Date of the Notes, none of the Notes may be divided resulting in an increased number of the Notes. Furthermore, the Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL) in connection with the purchase of the Notes.

## **San Marino**

Any offer, sale or delivery of the Notes, or distribution of copies of this Prospectus or of any other document relating to the Notes in the Republic of San Marino, shall be made exclusively by entities which have previously obtained authorisation from the Central Bank of San Marino (“*Banca Centrale della Repubblica di San Marino*”, “**BCSM**”), pursuant to Article 75 and 76 of the Law 2005/165 (“Law on companies and Banking, Financial and Insurance service”, “**LISF**”) and pursuant to Article 3 and Annex I paragraph (D) of the LISF. The Bank has not received authorisation from the BCSM pursuant to the LISF, so the Bank cannot exercise any reserved activity listed in Attachment 1 to the LISF in San Marino. Furthermore, this Prospectus has not been registered with the BCSM. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has only offered or sold, and will only offer or sell, Notes to the public in San Marino pursuant to and in compliance with the LISF, as amended, and any regulation issued thereunder. Therefore, no offer will be made to the public, nor to “professional clients” (as defined in Article 1, paragraph 1, letter f) of Regulation No. 2006-03 (Agg. XII) on collective investment services issued by the BCSM), whether directly or indirectly, in San Marino unless it is in compliance with the LISF and any regulation issued thereunder.

It is also specified that, in the case of purchases in San Marino by “professional clients”, the Bank and foreign distributors who are not authorised by the BCSM cannot offer and/or solicit the placement of the Notes directly in San Marino as these activities are reserved to parties that are authorised to provide investment services in San Marino. The promotion or placement with the public of the Notes, in the absence of specific authorisation by the BCSM, may result in a violation pursuant to Article 134 of the LISF.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and 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 Prospectus 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 (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## Spain

This Prospectus has not been registered with the Spanish Securities Market Regulator (*Comisión Nacional del Mercado de Valores*). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will only offer securities with a nominal value each of at least €100,000, pursuant to and in accordance with the consolidated text of the Securities Market Law approved by Spanish Royal Legislative Decree 4/2015, Spanish Royal Decree 1310/2005, both as amended from time to time, and any regulation issued thereunder.

## Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except where explicitly permitted by the applicable Final Terms or Pricing Supplement:

- (i) except as set out below, it will not make a public offer of the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the Swiss Financial Services Act (“**FinSA**”);
- (ii) the Notes will not be admitted by it to trading on a trading venue (exchange or multilateral trading facility) in Switzerland;
- (iii) it will not offer, sell, advertise or distribute the Notes, directly or indirectly, in Switzerland, as such terms are defined or interpreted under the FinSA, except to professional clients as such term is defined or interpreted under the FinSA (the “**Professional Investors**”); and
- (iv) no key information document pursuant to article 58(1) FinSA (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and, therefore, any Notes with a derivative character within the meaning of article 86(2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.

The Notes may not be publicly offered, directly or indirectly, in Switzerland, except (i) to Professional Investors or (ii) in the case of Notes, the Final Terms or Pricing Supplement of which explicitly permit a public offer in Switzerland. Offering or marketing material relating to Notes the Final Terms or Pricing Supplement of which do not explicitly permit a public offer in Switzerland, may not be distributed or otherwise made available in Switzerland, except to Professional Investors.

The Notes shall not be admitted to trading on a trading venue (exchange or multilateral trading facility) in Switzerland except in the case of Notes, the Final Terms or Pricing Supplement of which explicitly provide for such an admission to trading in Switzerland.

The Notes do not constitute participations in a collective investment scheme within the meaning of the Swiss Collective Investment Schemes Act (“**CISA**”). Therefore, the Notes are not subject to the approval of, or supervision by, the Swiss Financial Market Supervisory Authority (“**FINMA**”), and investors in the Notes will not benefit from protection under the CISA or supervision by FINMA.

## Taiwan

The Notes, if listed on the Taipei Exchange for sale to professional or general investors in Taiwan and to the extent permitted by the relevant Taiwan laws and regulations, may be sold in Taiwan to professional or general investors, as applicable, or, if not listed on the Taipei Exchange, may be made available, (i) to Taiwan resident investors outside Taiwan for purchase by such investors outside Taiwan; (ii) to the Offshore Banking Units of Taiwan banks (“**OBU**”), the Offshore Securities Units of Taiwan securities firms (“**OSU**”) or the Offshore Insurance Unit of Taiwan insurance companies (“**OIU**”) purchasing the Notes either for their proprietary account or for the accounts of their non-Taiwan clients or for re-sale to qualifying Taiwan and non-Taiwan investors (“**OBU/OSU/OIU Channel Sales**”); and/or (iii) to investors in Taiwan through certain licensed Taiwan financial institutions to the extent permitted under relevant Taiwan laws and regulations, but may not, otherwise be offered, sold or resold in Taiwan.

To the extent the Notes are offered to non-Taiwan clients via OBU/OSU/OIU Channel Sales, the relevant offering documents provided to such clients shall contain the following notification:

The Notes offered herein have not been reviewed or approved by the Taiwan authorities and are not subject to any filing or reporting requirement. The Notes are only permitted to be recommended or introduced to or purchased by clients of an OBU/OSU/OIU which clients reside outside Taiwan. Clients of an OBU/OSU/OIU are not eligible to use the financial consumer dispute resolution mechanism under the Taiwan Financial Consumer Protection Law.

### **United Arab Emirates (excluding the Dubai International Financial Centre)**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes to be issued have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

### **Uruguay**

The Notes have not been registered with the Superintendence of Financial Services in Uruguay and were not and will not be traded on any Uruguayan stock exchange.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Notes to the public in Uruguay, except pursuant only to a private offer of securities.

### **General**

These selling restrictions may be modified by the agreement of the Bank and the Dealers following a change in a relevant law, regulation or directive.

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

Neither the Bank nor the Dealers represent that Notes may at any time lawfully be sold in compliance with any appropriate registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

If, in respect of any offering of Notes, the offer of such Notes in a given jurisdiction is required to be made by a licensed broker or dealer and if any Dealer or any affiliate of any Dealer involved in such offering is so licensed and so agrees, the offer of such Notes in such jurisdiction shall be deemed to be made by the relevant Dealer(s) or affiliate(s), as the case may be, on behalf of the Bank.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it shall, to the best of its knowledge and belief, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms or Pricing Supplement and, that it will, obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws, regulations and directives in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sale or deliveries, and neither the Bank nor any other Dealer shall have responsibility therefor.

## TRANSFER RESTRICTIONS

Each purchaser of Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period (as used in “**Selling Restrictions**”), by its acceptance of such Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Notes are purchased will be, the beneficial owner of such Notes and (a) it is not a U.S. person and it is located outside the United States (as such terms are defined in Regulation S) and (b) it is not an affiliate of the Bank or a person acting on behalf of such an affiliate.
- (ii) It understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.
- (iii) It understands that the Bank, the Registrar, the Dealers and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (iv) It understands that the Notes offered in reliance on Regulation S will be represented by a Global Certificate or a Global Note. Prior to the expiration of the distribution compliance period, before any interest in the Global Certificate or the Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Global Certificate or the Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (v) It understands that such Notes, unless otherwise determined by the Bank in accordance with applicable law, will bear a legend to the following:

“THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.”



## FORM OF FINAL TERMS

**[MiFID II product governance / Professional investors and ECPs only target market:** Solely for the purposes of each 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 eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.]

**UK MiFIR product governance / Professional investors and ECPs only target market:** Solely for the purposes of each 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 FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**") ("**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**")][distributor] should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "**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 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 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; (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 the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**[Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)<sup>4</sup>

**[PROHIBITION OF SALES TO SWISS 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 Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act (“**FinSA**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and therefore, any Notes with a derivative character within the meaning of article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.]

Final Terms dated [●]

**Lloyds Bank plc**

Legal Entity Identifier (LEI): H7FNTJ4851HG0EXQ1Z70

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the £35,000,000,000

Euro Medium Term Note Programme

## **PART A — CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [date] and set forth in the Prospectus dated [date] [and the supplemental Prospectus[es] dated [date[s]]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus Regulation**”). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus [and the supplemental Prospectus[es]] [is] [are] published on the Bank’s website [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus[es] dated [date[s]]] and incorporated by reference into the Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the “**UK Prospectus**

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<sup>4</sup> For any Notes to be offered to Singapore investors, the Bank to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

**Regulation**”) and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus[es] dated [date[s]]], which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation in order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the Supplemental Prospectus[es] dated [date[s]]]. The Prospectuses [and the supplemental Prospectus[es]] are published on the Bank’s website [•].

- 1 Issuer: Lloyds Bank plc (the “**Bank**”)
- 2 (i) Series Number: [•]  
 (ii) [Tranche Number:] [•]  
 (iii) [Date on which Notes will be consolidated and form a single Series:] [The Notes will be consolidated and form a single Series with [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [•]]/Not Applicable]
- 3 Specified Currency: [•]
- 4 Aggregate Nominal Amount: [•]  
 (i) Series: [•]  
 (ii) Tranche: [•]
- 5 Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
- 6 (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof up to and including [•]. No Notes in definitive form will be issued with a denomination above [•]]  
 (ii) Calculation Amount: [•]  
 [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]  
 [(iii) Minimum Consideration Payable:] [The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration payable by the subscriber is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates)]
- 7 (i) [Issue Date:] [•]  
 (ii) [Interest Commencement Date:] [Issue Date/[•]]/Not Applicable]
- 8 Maturity Date: [[•]/Interest Payment Date falling in or nearest to [•]], subject to adjustment in accordance with the Business Day Convention specified at paragraph [15(vii)][16(xix)][17(iv)] below.]

- 9 Interest Basis: [[•] per cent. Fixed Rate]
- [[•] per cent. to be reset on [•] [[and [•]] and every [•] anniversary thereafter  
Fixed Rate Reset]]
- [[[•] [[•]  
/[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/[€STR]/[SONIA]/[SOFR][SARON]]  
[[+/-] [•] per cent.] Floating Rate]  
[Zero Coupon]
- 10 Redemption Basis: [Redemption at par/Redemption at [•] per Calculation Amount]
- 11 Change of Interest or Redemption/Payment Basis: [[•]/Not Applicable]
- 12 Alternative Currency Equivalent: [Not Applicable/Applicable]
- (i) Alternative [•]
- (ii) Alternative [•]  
Currency
- (iii) Alternative [•]  
Currency  
Calculation
- (iv) Rate Calculation [•]  
Jurisdiction(s):
- (v) Rate Calculation [•]  
Business Days:
- (vi) Scheduled As specified in the Conditions [and [•]]  
Payment  
Currency
- (vii) Settlement Rate [[•]/Alternative Currency Adjudication Agent Determination]  
Option:
- (viii) USD Settlement [[•]/Alternative Currency Adjudication Agent Determination/Not Applicable]  
Rate Option:
- (ix) Maximum Days [•]  
of Postponement:
- 13 Put/Call Options: [Put Option]  
[Call Option]  
[(further particulars specified below)]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	<b>Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
(i)	Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi annually/ quarterly/ monthly] in arrear]
(ii)	Interest Payment Date(s):	[●] in each year [from and including [●]][until and including [●]], subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 14(vii) below.  [Provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.  For these purposes, “Business Day” means a day on which commercial banks and foreign exchange markets settle payment and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong.]
(iii)	Fixed Coupon Amount[(s)]:	[[●] per Calculation Amount] [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]
(iv)	Broken Amount(s):	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(v)	Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360] [30E/360 (ISDA)] [Actual/Actual ICMA] [Actual/Actual (Canadian Compound Method)]
(vi)	Determination Dates:	[[●] in each year/Not Applicable]
(vii)	[Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]

**15 Fixed Rate Reset Note** [Applicable/Not Applicable]  
**Provisions**

- (i) Initial Rate of Interest: [●] per cent. per annum [payable [annually/semi annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] [and [●]] in each year [from and including [●]][until and including [●]], subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 15 (xviii) below.]
- (iii) First Reset Date: [●]
- (iv) Second Reset Date: [[●]/Not Applicable]
- (v) Anniversary Date(s): [[●]/Not Applicable]
- (vi) Reset Determination Dates: [●]
- (vii) Reset Rate: [[semi-annual][annualised]Mid-Swap Rate]  
[Benchmark Gilt Rate]  
[CMT Rate]
- (viii) Swap Rate Period: [[●]/Not Applicable]
- (ix) CMT Designated Maturity: [[●]/Not Applicable]
- (x) Screen Page: [ICESWAP 1]/[ICESWAP 2]/[ICESWAP 3]/[ICESWAP 4]/[ICESWAP 5]/[ICESWAP 6] /[●]/[Not Applicable]
- (xi) Fixed Leg [[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
- (xii) Floating Leg [[3]/[6]/[●]-month [EURIBOR]/[●] rate calculated on an[ Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
- (xiii) Margin[(s)]: [+/-] [●] per cent. per annum
- (xiv) Fixed Coupon Amount[(s)] to (but excluding) the First Reset Date: [[●] per Calculation Amount]
- (xv) Broken Amount[(s)]: [[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
- (xvi) Day Count Fraction: [Actual/365]  
[Actual/365 (fixed)]  
[Actual/360]

		[30/360]
		[30E/360]
		[30E/360 (ISDA)]
		[Actual/Actual ICMA]
		[Actual/Actual (Canadian Compound Method)]
(xvii)	Determination Dates:	[[●] in each year/Not Applicable]
(xviii)	Calculation Agent:	[●]
(xix)	Benchmark Determination Agent:	[●]/[Calculation Agent]/[To be appointed by the Bank prior to the Reset Determination Date]/[Not Applicable]
(xx)	Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]
(xxi)	First Reset Period Fallback:	[●]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●][from and including [●]][until and including [●]]
(iii)	Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject, in each case, to adjustment in accordance with the Business Day Convention specified in paragraph 16(iv) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 16 (iv) below is specified to be Not Applicable]]
(iv)	Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable]
(v)	Business Centre(s):	[●]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]

(vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) / Calculation Agent (if not the Issuing and Paying Agent):

(viii) Screen Rate Determination: [Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]

- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]

- Index Determination: [Applicable/Not Applicable]

Determination:

*Insert only if Index Determination is applicable*

- SONIA Compounded Index: [Applicable/Not Applicable]

- SOFR Compounded Index: [Applicable/Not Applicable]

- SARON Compounded Index: [Applicable/Not Applicable]

- Reference Rate: [SONIA/SOFR/SARON]

- Interest Determination Date: [•]/[The day falling the Relevant Number of Index Business Days prior to the relevant Interest Payment Date, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from the relevant Interest Period)]

- Relevant Decimal Place: [•]/[As per the Conditions]

- Relevant Number: [•]/[As per the Conditions]<sup>5</sup>

- Numerator: [•]/[As per the Conditions]

*Insert only if Index Determination is not applicable*

- Reference Rate: [[[•]]-month] [[[•]]] [EURIBOR]/[BBSW][CDOR]/[NIBOR]/[€STR]/[SONIA]/[SOFR]/[SARON]

- Interest Determination Date(s): [[•]] [TARGET/[•]] Business Days [in [•]] prior to the [•] day in each Interest Accrual Period/each Interest Payment Date][[•]] Business Days prior to the end of each Interest Period] [•]

<sup>5</sup> This should be a number that is five or greater where SONIA Compounded Index or SARON Compounded Index is applicable and two or greater where SOFR Compounded Index is applicable.



- Relevant Screen Page: [[●]/Not Applicable]
- Relevant Time: [●]
- Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]
- Lag Look-back Period: [[●]/Not Applicable]
- Observation Shift Period: [[●]/Not Applicable]
- D: [365/360/[●]]
- (ix) ISDA Determination: [Applicable/Not Applicable]
  - Floating Rate Option: [●]
  - Designated Maturity: [●]/[Not Applicable]<sup>6</sup>
  - Reset Date: [●]
  - [Compounding: [Not Applicable]
    - [Compounding with Lookback]
      - [Lookback: [●] Applicable Business Days]
    - [Compounding with Observation Period Shift]
      - [Set-in-Advance: [Applicable][Not Applicable]]
      - [Observation Period Shift: [●] Observation Period Shift Business Days]
      - [Observation Period Shift Additional Business Days: [[●]/Not Applicable]
    - [Compounding with Lockout]
      - [Lockout: [●] Lockout Period Business Days]
      - [Lockout Period Business Days: [●] [Applicable Business Days]]
    - [OIS Compounding]
  - ISDA Definitions: [2006]/[2021]/[●]/[Not Applicable]
- (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]

<sup>6</sup> Where the applicable Reference Rate is an overnight rate, choose the “Not Applicable” option.

- (xi) Margin[(s)]: [[+/-] [●] per cent. per annum]/[Not Applicable]
- (xii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (xiii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (xiv) Day Count Fraction: [Actual/365]  
[Actual/365 (fixed)]  
[Actual/360]  
[30/360]  
[30E/360]  
[30E/360 (ISDA)]  
[Actual/Actual ICMA]  
[Actual/Actual (Canadian Compound Method)]
- (xv) Benchmark Transition Event: [Applicable/Not Applicable]
- 17 Zero Coupon Note Provisions** [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Amortisation Yield compounding basis: [Compounded/Non-compounded] [annually/semi-annually/other]
- (iii) Reference Price: [●]
- (iv) Any other formula/basis of determining amount payable: [●]

## **PROVISIONS RELATING TO REDEMPTION**

- 18 Call Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●], subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [14(vii)][15(xix)][16(iv)] above.]
- (ii) Optional Redemption Amount(s): [[●] per Calculation Amount/Early Redemption Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [[●] per Calculation Amount/Not Applicable]

- (b) Maximum Redemption Amount: [[●] per Calculation Amount/Not Applicable]
- (iv) Notice period: [●]/[Not less than five nor more than [●] days]
- 19 **Put Option** [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●], subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [14(vii)][15(xix)][16(iv)] above.]
- (ii) Optional Redemption Amount(s): [[●] per Calculation Amount/Early Redemption Amount]
- (iii) Notice period: [●]
- 20 **Final Redemption Amount** [[●] per Calculation Amount/[●]]
- 21 **Early Redemption Amount**
- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption: [[●] per Calculation Amount /[●]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 **Form of Notes:** **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
- [Registered Notes – Global Certificate — [Euroclear/Clearstream Luxembourg]/[CMU Service]]
- [CREST Depositary Interests (“CDIs”) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited (“CREST”).]
- 23 New Global Note: [Yes]/[No]
- 24 Additional Financial Centre(s) or other special provisions [Not Applicable/[●]]

relating to payment  
dates:

- 2<sup>c</sup> Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes. As the Notes have more than 27 coupon payments, [a] Talon[s] may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

### **THIRD PARTY INFORMATION**

[[*Relevant third party information*] has been extracted from [*specify source*]. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Bank:

By: [●]  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Listing: London
- (ii) Admission to trading: Application [has been made/is expected to be made] for the Notes to be admitted to trading on the London Stock Exchange's Main Market and [●] with effect from on or about [●].
- (iii) Estimate of total expenses related to admission to trading: [●]

### 2 RATINGS

- Ratings: [The Notes to be issued have not been rated.]
- [The Notes to be issued [have been rated/are expected to be rated]:
- [S & P: [●]]
- [Moody's: [●]]
- [Fitch: [●]]]
- [Need to include a brief explanation of the meaning of the ratings if this has previously been published by a ratings provider]*
- [Need to include a brief statement specifying whether the rating has been issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation]*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as discussed in ["Subscription and Sale"], so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the issue.]

### 4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [●]
- [See ["Use of Proceeds"] in Prospectus]
- [An amount of funding equivalent to the net proceeds of the issue of the Notes will be allocated as funding for Eligible Projects. See "Use of Proceeds" in the Prospectus.]
- (ii) Estimated net proceeds: [●]

### 5 [Fixed Rate Notes only — YIELD

Indication of yield: [●]

### 6 [Floating Rate Notes only — HISTORIC INTEREST RATES

Details of historic [EURIBOR/SONIA/SOFR/SARON] rates can be obtained from [Reuters/[●]].]

### 7 OPERATIONAL INFORMATION

ISIN: [●]

Common Code:	[●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	<p>[Not Applicable/[●]].</p> <p>[The Notes will [also] be made eligible for CREST via the issue of CDIs representing the Notes.]</p> <p>[The Notes will be cleared through the CMU Service. CMU Instrument Number: [●].</p> <p>Persons holding a beneficial interest in the Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg (as applicable) with the CMU Operator.]</p>
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Name and address of Calculation Agent:	[●]/[Not Applicable]
[Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] <i>[include this text for registered notes]</i> and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> <p>[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] <i>[include this text for registered notes]</i>. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]</p>
Relevant Benchmark[s]:	<p><i>[[specify benchmark]</i> is provided by <i>[administrator legal name]</i>.</p> <p>As at the date hereof, <i>[[administrator legal name]</i><i>[appears]/[does not appear]</i> in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation]/[As far as the Bank is aware, as at the</p>

date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmarks Regulation]/[Not Applicable]

8 **DISTRIBUTION**

U.S. Selling Restrictions: [Reg S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

## FORM OF PRICING SUPPLEMENT

No prospectus is required in accordance with Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”), for the issue of the PR Exempt Notes described herein. The FCA acting under Part VI of FSMA has neither approved or reviewed information contained in this Pricing Supplement.

**[MiFID II product governance / Professional investors and ECPs only target market:** Solely for the purposes of each 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 eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**MiFID II**”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.]

**UK MiFIR product governance / Professional investors and ECPs only target market:** Solely for the purposes of each 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 FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“**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**”)] [distributor] should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended [(the “**Insurance Distribution Directive**”)], where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**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 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 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; (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, as amended][the Insurance Distribution Directive], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue



of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**[Singapore Securities and Futures Act Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Bank has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products] / [capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded] / [Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendation on Investment Products.)<sup>7</sup>

**[PROHIBITION OF SALES TO SWISS 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 Switzerland. For these purposes, a retail investor means a person who is a retail client as defined in Article 4 of the Swiss Financial Services Act (“**FinSA**”). Consequently, no key information document required by Regulation (EU) No 1286/2014 (or any equivalent document under the FinSA) has been or will be prepared in relation to any Notes and therefore, any Notes with a derivative character within the meaning of article 86 (2) of the Swiss Financial Services Ordinance may not be offered or recommended to private clients within the meaning of the FinSA in Switzerland.]

Pricing Supplement dated [●]

**Lloyds Bank plc**

Legal Entity Identifier (LEI): H7FNTJ4851HG0EXQ1Z70

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the £35,000,000,000

Euro Medium Term Note Programme

## **PART A — CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [date] and set forth in the Prospectus dated [date] [and the supplemental Prospectus[es] dated [date[s]]]. This document constitutes the Pricing Supplement of the PR Exempt Notes described herein and must be read in conjunction with the Prospectus [as so supplemented] in order to obtain all the relevant information. The Prospectus [and the supplemental Prospectus[es]] [is] [are] published on the Bank’s website [●].

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “**Conditions**”) contained in the Trust Deed dated [original date] and set forth in the Prospectus dated [original date] [and the supplemental Prospectus[es] dated [date[s]]] and incorporated by reference into the Prospectus dated [current date]. This document constitutes the Pricing Supplement of the Notes and must be read in conjunction with the Prospectus dated [current date] [and the supplemental Prospectus[es] dated [date[s]]], in

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<sup>7</sup> For any Notes to be offered to Singapore investors, the Bank to consider whether it needs to re-classify the Notes pursuant to Section 309B of the SFA prior to the launch of the offer.

order to obtain all the relevant information, save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the Supplemental Prospectus[es] dated [date[s]]]. The Prospectuses [and the supplemental Prospectus[es]] are published on the Bank's website [•].

- 1 Issuer: Lloyds Bank plc (the “**Bank**”)
- 2 (i) Series Number: [•]  
 (ii) [Tranche Number:] [•]  
 (iii) [Date on which Notes will be consolidated and form a single Series:] [The Notes will be consolidated and form a single Series with [•] on [the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, which is expected to occur on or about [•]]/Not Applicable]
- 3 Specified Currency: [•]
- 4 Aggregate Nominal Amount: [•]  
 (i) Series: [•]  
 (ii) Tranche: [•]
- 5 Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued interest from [•]]
- 6 (i) Specified Denominations: [•] [and integral multiples of [•] in excess thereof up to and including [•]. No Notes in definitive form will be issued with a denomination above [•]]  
 (ii) Calculation Amount: [•]  
 [Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]  
 [(iii) Minimum Consideration Payable:] [The Notes will not be issued to a subscriber of the Notes unless the aggregate consideration payable by the subscriber is at least A\$500,000 (or its equivalent in an alternative currency, in either case, disregarding moneys lent by the offeror or its associates)]
- 7 (i) [Issue Date:] [•]  
 (ii) [Interest Commencement Date:] [Issue Date/[•]]/Not Applicable]
- 8 Maturity Date: [[•]/Interest Payment Date falling in or nearest to [•]], subject to adjustment in accordance with the Business Day Convention specified at paragraph [15(vii)][16(xix)][17(iv)] below.]

9	Interest Basis:	[[●] per cent. Fixed Rate]  [[●] per cent. to be reset on [●] [[and [●]] and every [●] anniversary thereafter Fixed Rate Reset]] [[[●] [[●]/[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/[€STR]/[SONIA]/ [SOFR]/[SARON] [[+/-] [●] per cent.] Floating Rate] [Zero Coupon]
10	Redemption Basis:	[Redemption at par/Redemption at [●] per Calculation Amount]
11	Change of Interest or Redemption/Payment Basis:	[[●]/Not Applicable]
12	Alternative Currency Equivalent:	[Not Applicable/Applicable]
	(i) Alternative Currency:	[●]
	(ii) Alternative Currency Adjudication Agent:	[●]
	(iii) Alternative Currency Calculation Agent:	[●]
	(iv) Rate Calculation Jurisdiction(s):	[●]
	(v) Rate Calculation Business Days:	[●]
	(vi) Scheduled Payment Currency Disruption Events:	As specified in the Conditions [and [●]]
	(vii) Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination]
	(viii) USD Settlement Rate Option:	[[●]/Alternative Currency Adjudication Agent Determination/Not Applicable]
	(ix) Maximum Days of Postponement:	[●]
13	Put/Call Options:	[Put Option]

[Call Option]  
 [(further particulars specified below)]

## PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

<b>14 Fixed Rate Note Provisions</b>	[Applicable/Not Applicable]
(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/ monthly] in arrear]
(ii) Interest Payment Date(s):	<p>[●] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 14 (vii) below.]</p> <p>[Provided that if any Interest Payment Date falls on a day which is not a Business Day, the Interest Payment Date will be the next succeeding Business Day unless it would thereby fall in the next calendar month in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.</p> <p>For these purposes, “Business Day” means a day on which commercial banks and foreign exchange markets settle payment and are open for general business (including dealing in foreign exchange and currency deposits) in Hong Kong.]</p>
(iii) Fixed Coupon Amount[(s)]:	<p>[[●] per Calculation Amount]</p> <p>[Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, with CNY0.005 being rounded upwards.]</p>
(iv) Broken Amount(s):	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(v) Day Count Fraction:	<p>[Actual/365]</p> <p>[Actual/365 (fixed)]</p> <p>[Actual/360]</p> <p>[30/360]</p> <p>[30E/360]</p> <p>[30E/360 (ISDA)]</p> <p>[Actual/Actual ICMA]</p> <p>[Actual/Actual (Canadian Compound Method)]</p> <p>[●]</p>
(vi) Determination Dates:	[[●] in each year/Not Applicable]
(vii) [Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day

	Convention (Adjusted))/[Modified Following Business Day Convention (Unadjusted))/[Preceding Business Day Convention (Adjusted))/[Preceding Business Day Convention (Unadjusted))/[Not Applicable] [●]
<b>15 Fixed Rate Reset Note Provisions</b>	[Applicable/Not Applicable]
(i) Initial Rate of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
(ii) Interest Payment Date(s):	[●] [and [●]] in each year [from and including [●]][until and including [●]][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph 15 (xviii) below.]
(iii) First Reset Date:	[●]
(iv) Second Reset Date:	[[●]/Not Applicable]
(v) Anniversary Date(s):	[[●]/Not Applicable]
(vi) Reset Determination Dates:	[●]
(vii) Reset Rate:	[[semi-annual][annualised]Mid-Swap Rate] [Benchmark Gilt Rate] [CMT Rate]
(viii) Swap Rate Period:	[[●]/Not Applicable]
(ix) CMT Designated Maturity:	[[●]/Not Applicable]
(x) Screen Page:	[ICESWAP 1]/[ICESWAP 2]/[ICESWAP 3]/[ICESWAP 4]/[ICESWAP 5]/[ICESWAP 6]/[●]/[Not Applicable]
(xi) Fixed Leg	[[semi-annual]/[annual] calculated on a[n Actual/365]/[30/360]/[●] day count basis]/[Not Applicable]
(xii) Floating Leg	[[3]/[6]/[●]-month [EURIBOR]/[●] rate calculated on an[ Actual/365]/[Actual/360]/[●] day count basis]/[Not Applicable]
(xiii) Margin[(s)]:	[+/-] [●] per cent. per annum
(xiv) Fixed Coupon Amount[(s)] to (but excluding) the First Reset Date:	[[●] per Calculation Amount]
(xv) Broken Amount[(s)]:	[[[●] per Calculation Amount][CAD[●] calculated by reference to the Aggregate Nominal Amount], payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
(xvi) Day Count Fraction:	[Actual/365] [Actual/365 (fixed)] [Actual/360] [30/360] [30E/360]

		[30E/360 (ISDA)]
		[Actual/Actual ICMA]
		[Actual/Actual (Canadian Compound Method)]
		[●]
(xvii)	Determination Dates:	[[●] in each year/Not Applicable]
(xviii)	Calculation Agent:	[●]
(xix)	Benchmark Determination Agent:	[●]/[Calculation Agent]/[To be appointed by the Bank prior to the Reset Determination Date]/ [Not Applicable]
(xx)	Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable] [●]
(xxi)	First Reset Period Fallback:	[●]
16	<b>Floating Rate Note Provisions</b>	[Applicable/Not Applicable]
(i)	Interest Period(s):	[●]
(ii)	Specified Interest Payment Dates:	[●][from and including [●]][until and including [●]]
(iii)	Interest Period Date:	[Not Applicable]/ [[●] in each year[, subject, in each case, to adjustment in accordance with the Business Day Convention specified in paragraph 16 (iv) below/, not subject to any adjustment[, as the Business Day Convention in paragraph 16(iv) below is specified to be Not Applicable]]
(iv)	Business Day Convention:	[Floating Rate Business Day Convention]/[Following Business Day Convention (Adjusted)]/[Following Business Day Convention (Unadjusted)]/[Modified Following Business Day Convention (Adjusted)]/[Modified Following Business Day Convention (Unadjusted)]/[Preceding Business Day Convention (Adjusted)]/[Preceding Business Day Convention (Unadjusted)]/[Not Applicable] [●]
(v)	Business Centre(s):	[●]
(vi)	Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(vii)	Party responsible for calculating the Rate(s) of Interest and Interest Amount(s)	[[●]/Not Applicable]

- / Calculation Agent (if not the Issuing and Paying Agent):
- (viii) Screen Rate Determination: [Applicable – Term Rate/Applicable – Overnight Rate/Not Applicable]
- Calculation Method: [Weighted Average/Compounded Daily/Not Applicable]
  - Index Determination: [Applicable/Not Applicable]
- Insert only if Index Determination is applicable*
- SONIA Compounded Index: [Applicable/Not Applicable]
  - SOFR Compounded Index: [Applicable/Not Applicable]
  - SARON Compounded Index: [Applicable/Not Applicable]
  - Reference Rate: [SONIA/SOFR/SARON]
  - Interest Determination Date: [•]/[The day falling the Relevant Number of Index Business Days prior to the relevant Interest Payment Date, or such other date on which the relevant payment of interest falls due (but which, by its definition or the operation of the relevant provisions, is excluded from the relevant Interest Period)]
  - Relevant Decimal Place: [•]/[As per the Conditions]
  - Relevant Number: [•]/[As per the Conditions]<sup>8</sup>
  - Numerator: [•]/[As per the Conditions]
- Insert only if Index Determination is not applicable*
- Reference Rate: [[[•]]-month] [[[•]]  
[EURIBOR]/[BBSW]/[CDOR]/[NIBOR]/[€STR]/[SONIA]/[SOFR]/[SARON]
  - Interest Determination Date(s): [[•] [TARGET/[•]] Business Days [in [•]] prior to the [•] day in each Interest Accrual Period/each Interest Payment Date][[•] Business Days prior to the end of each Interest Period] [•]
  - Relevant Screen Page: [[•]/Not Applicable]
  - Relevant Time: [•]
  - Observation Method: [Lag/Lock-out/Observation Shift/Not Applicable]
  - Lag Look-back Period: [[•]/Not Applicable]
  - Observation Shift Period: [[•]/Not Applicable]
  - D: [365/360/[•]]
- (ix) ISDA Determination: [Applicable/Not Applicable]

<sup>8</sup> This should be a number that is five or greater where SONIA Compounded Index or SARON Compounded Index is applicable and two or greater where SOFR Compounded Index is applicable.

- Floating Rate Option: [●]
- Designated Maturity: [●]/[Not Applicable]<sup>9</sup>
- Reset Date: [●]
- [Compounding: [Not Applicable]
- [Compounding with Lookback]
  - [Lookback: [●] Applicable Business Days]
- [Compounding with Observation Period Shift]
  - [Set-in-Advance: [Applicable][Not Applicable]]
  - [Observation Period Shift: [●] Observation Period Shift Business Days]
  - [Observation Period Shift Additional Business Days: [[●]/Not Applicable]
- [Compounding with Lockout]
  - [Lockout: [●] Lockout Period Business Days]
  - [Lockout Period Business Days: [●] [Applicable Business Days]]
- [OIS Compounding]]
- ISDA Definitions: [2006]/[2021]/[●]/[Not Applicable]
- (x) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin[(s)]: [[+/-] [●] per cent. per annum]/[Not Applicable]
- (xii) Minimum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (xiii) Maximum Rate of Interest: [[●] per cent. per annum]/[Not Applicable]
- (xiv) Day Count Fraction:
  - [Actual/365]
  - [Actual/365 (fixed)]
  - [Actual/360]
  - [30/360]
  - [30E/360]
  - [30E/360 (ISDA)]
  - [Actual/Actual ICMA]
  - [Actual/Actual (Canadian Compound Method)]
  - [●]

<sup>9</sup> Where the applicable Reference Rate is an overnight rate, choose the “Not Applicable” option.



(xv) Benchmark Transition Event	[Applicable/Not Applicable]
<b>17 Zero Coupon Note Provisions</b>	[Applicable/Not Applicable]
(i) Amortisation Yield:	[●] per cent. per annum
(ii) Amortisation Yield compounding basis:	[Compounded/Non-compounded] [annually/semi-annually/other]
(iii) Reference Price:	[●]
(iv) Any other formula/basis of determining amount payable:	[●]

## PROVISIONS RELATING TO REDEMPTION

<b>18 Call Option</b>	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [14(vii)][15(xix)][16(iv)] above.]
(ii) Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
(iii) If redeemable in part:	
(a) Minimum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(b) Maximum Redemption Amount:	[[●] per Calculation Amount/Not Applicable]
(iv) Notice period:	[●]/[Not less than five nor more than [●] days]
<b>19 Put Option</b>	[Applicable/Not Applicable]
(i) Optional Redemption Date(s):	[●][, subject, in each case, to adjustment in accordance with the Business Day Convention specified at paragraph [14(vii)][15(xix)][16(iv)] above.]
(ii) Optional Redemption Amount(s):	[[●] per Calculation Amount/Early Redemption Amount]
(iii) Notice period:	[●]
<b>20 Final Redemption Amount</b>	[[●] per Calculation Amount/[●]]
<b>21 Early Redemption Amount</b>	
Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default or other early redemption:	[[●] per Calculation Amount / [●]]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

### 22 Form of Notes:

#### Bearer Notes:

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

A13.4.4(i) Cat A

[Registered Notes – Global Certificate —  
[Euroclear/Clearstream Luxembourg]/[CMU Service]]

[CREST Depositary Interests (“**CDIs**”) representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited (“**CREST**”).]

### 23 New Global Note:

[Yes]/[No]

### 24 Additional Financial Centre(s) or other special provisions relating to payment dates:

[Not Applicable/[●]]

### 25 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):

[Yes. As the Notes have more than 27 coupon payments, [a] Talon[s] may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

## THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Bank confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Bank:

By: [●]  
Duly authorised

## PART B – OTHER INFORMATION

### 1 LISTING

- (i) Listing: [[●]/None [*Listing is required for withholding tax purposes*]]
- (ii) Admission to trading: [Application [has been made/is expected to be made] for the Notes to be admitted to trading on the [ISM]/[●] with effect from on or about [●].]/[Not Applicable]
- (iii) Estimate of total expenses related to admission to trading: [●]/[Not Applicable]

### 2 RATINGS

- Ratings: [The Notes to be issued have not been rated.]  
[The Notes to be issued [have been rated/are expected to be rated]:  
[S & P: [●]]  
[Moody's: [●]]  
[Fitch: [●]]]  
*[Need to include a brief statement specifying whether the rating has been issued or endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation]*

### 3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE]

Save as discussed in [“Subscription and Sale”], so far as the Bank is aware, no person involved in the issue of the Notes has an interest material to the issue.]

### 4 REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [●]  
[See [“Use of Proceeds”] in Prospectus]  
[An amount of funding equivalent to the net proceeds of the issue of the Notes will be allocated as funding for Eligible Projects. See “*Use of Proceeds*” in the Prospectus.]
- (ii) Estimated net proceeds: [●]

### 5 [Fixed Rate Notes only — YIELD]

- Indication of yield: [●]

### 6 [Floating Rate Notes only — HISTORIC INTEREST RATES]

Details of historic [EURIBOR/SONIA/SOFR/SARON] rates can be obtained from [Reuters/[●]].]

**OPERATIONAL INFORMATION**

ISIN:	[●]
Common Code:	[●]
Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	<p>[Not Applicable/[●]].</p> <p>[The Notes will [also] be made eligible for CREST via the issue of CDIs representing the Notes.]</p> <p>[The Notes will be cleared through the CMU Service. CMU Instrument Number: [●].</p> <p>Persons holding a beneficial interest in the Notes through Euroclear or Clearstream, Luxembourg will hold their interests through an account opened and held by Euroclear or Clearstream, Luxembourg (as applicable) with the CMU Operator.]</p>
Delivery:	Delivery [against/free of] payment
Names and addresses of additional Paying Agent(s) (if any):	[●]/[Not Applicable]
Name and address of Calculation Agent:	[●]/[Not Applicable]
[Intended to be held in a manner which would allow Eurosystem eligibility:	<p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] <i>[include this text for registered notes]</i> and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/</p> <p>[No. Whilst the designation is specified as “no” at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)] <i>[include this text for registered notes]</i>. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by</p>

the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

Relevant Benchmark[s]:

[[*specify benchmark*] is provided by [*administrator legal name*]]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]] in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 (Register of administrators and benchmarks) of the UK Benchmarks Regulation]/[As far as the Bank is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the UK Benchmarks Regulation]/[Not Applicable]

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## **DISTRIBUTION**

U.S. Selling Restrictions:

[Reg S Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

## GENERAL INFORMATION

1. Application has been made to the FCA for the Notes (other than PR Exempt Notes) issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market, which is a UK regulated market for the purpose of UK MiFIR. It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the Market will be admitted separately as and when issued upon submission to the FCA and to the London Stock Exchange of the applicable Final Terms and any other information required by the FCA, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Application has also been made for PR Exempt Notes issued under the Programme to be admitted to trading on the ISM of the London Stock Exchange. The listing of the Programme in respect of the Notes on both the Market and the ISM is expected to be granted on or about 8 July 2021. Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. If a Series of Notes will be unlisted, or listed on another exchange, the specific terms relating to such Series of Notes will be contained in a Pricing Supplement.
2. The Bank has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment and update of the Programme and the issue and performance of the Notes. The establishment of the Programme and the issue of Notes under it was authorised by resolutions of the Chairman's Committee of the Board of Directors of the Bank passed on 26 September 1996 and the update of the Programme and the issue of Notes under it was authorised by resolutions of the Board of Directors of the Bank passed on 26 November 2020.
3. There has been no significant change in the financial position or financial performance of the Lloyds Bank Group since 31 March 2021, the date to which the Lloyds Bank Group's last published unaudited interim financial information (as set out in the Bank's Q1 2021 Statement) was prepared.

Save as disclosed in the sub-section entitled "*Risk Factors - Economic and Financial Risks - Lloyds Bank Group's businesses are subject to risks relating to the COVID-19 pandemic*", there has been no material adverse change in the prospects of the Bank since 31 December 2020, the date to which the Bank's last published audited financial information (as set out in the Bank's 2020 Annual Report) was prepared.
4. Save as disclosed in the sub-sections entitled "*Payment Protection Insurance*", "*Other provisions for legal actions and regulatory matters*", "*Interchange fees*", "*LIBOR and other trading rates*", "*Tax authorities*" and "*Contingent liabilities in respect of other legal actions and regulatory matters*" of the section "*Lloyds Bank Group – Legal Actions and Regulatory Matters*" on pages 139 to 142 of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings pending or threatened of which the Bank is aware) during the 12 months preceding the date of this Prospectus, which may have or have had in the recent past, significant effects on the financial position or profitability of the Bank or the Lloyds Bank Group.
5. Each permanent and definitive Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".
6. Notes have been accepted for clearing through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). Interests in the Notes may also be held through

CREST through the issuance of CDIs representing Underlying Notes. The Common Code and the International Securities Identification Number (“ISIN”) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the applicable Final Terms or Pricing Supplement. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L- 1855 Luxembourg and the address of CREST is Euroclear UK & Ireland, 33 Cannon Street, London, EC4M 5SB. The address of any Alternative Clearing System will be specified in the applicable Final Terms or Pricing Supplement. The address of CMU Service is 55th Floor, Two International Finance Centre, 8 Finance Street, Central, Hong Kong.

7. CMU Notes have been accepted for clearance through the CMU Service. For persons seeking to hold a beneficial interest in CMU Notes through Euroclear or Clearstream, Luxembourg, such person will hold their interests in an account opened and held by Euroclear or Clearstream, Luxembourg with the CMU Operator.
8. Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Bank 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 used.
9. For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available at the website of the Bank at [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com):
  - (a) the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
  - (b) the Articles of Association of the Bank;
  - (c) the Bank’s Q1 2021 Statement;
  - (d) the Bank’s 2020 Annual Report and the Bank’s 2019 Annual Report;
  - (e) each set of Final Terms and Pricing Supplement; and
  - (f) a copy of this Prospectus together with any Supplemental Prospectus or drawdown prospectus and, in each case, any document incorporated by reference therein.
10. Unless otherwise stated in the applicable Final Terms or Pricing Supplement, the Bank does not intend to provide post-issuance information in connection with any issue of Notes.
11. This Prospectus and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Market will be published on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com).
12. Copies of the latest audited consolidated Annual Reports of the Bank and copies of the Trust Deed will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
13. PricewaterhouseCoopers LLP (“PwC”), Chartered Accountants and Statutory Auditors (members of the Institute of Chartered Accountants in England and Wales) have audited, and rendered unqualified audit reports on, the annual consolidated published accounts of the Bank for the two financial years ended 31 December 2019 and 31 December 2020. PwC resigned as auditors of the Bank and were replaced by Deloitte LLP on 26 April 2021.

14. The Legal Entity Identifier (LEI) of the Bank is H7FNTJ4851HG0EXQ1Z70.
15. The website of the Bank is [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com). The information on [www.lloydsbankinggroup.com](http://www.lloydsbankinggroup.com) does not form part of this Prospectus, except where that information has been incorporated by reference into this Prospectus.



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**CMU LODGING AGENT AND CMU ISSUING AND PAYING AGENT**

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