

CERTIFICATE

BANK OF IRELAND (UK) PLC

(incorporated in England and Wales with limited liability with registered number 7022885)

£200,000,000

Floating Rate Subordinated Notes due November 2025

Certificate No. 1

This Certificate certifies that THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND (the **Registered Noteholder**) is, as at the date hereof, registered as the holder of £200,000,000 in principal amount of the Floating Rate Subordinated Notes due November 2025 (the **Notes**) of Bank of Ireland (UK) plc (the **Issuer**). The Notes are subject to the Terms and Conditions (the **Conditions**) endorsed hereon. Expressions defined in the Conditions have the same meanings in this Certificate.

The Issuer, for value received, promises to pay to, or to the order of, the Registered Noteholder (subject to surrender of this Certificate if no further payment falls to be made in respect of such Notes) all amounts of principal, interest and any other amounts which become due and payable on the Notes represented by this Certificate, on such dates as the same become payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Issuer certifies that the Registered Noteholder is, at the date hereof, entered in the register of Noteholders (the **Register**) as the holder of the Notes represented by this Certificate. This Certificate is evidence of entitlement only. Title to the Notes represented by this Certificate passes only on due registration of transfer of title on the Register. Only the Registered Noteholder is entitled to payments in respect of the Notes represented by this Certificate.

IN WITNESS whereof the Issuer has caused this Certificate to be executed as a deed on its behalf.

Dated 26 November 2015

EXECUTED AS A DEED BY THE AFFIXING OF THE COMMON SEAL OF

BANK OF IRELAND (UK) PLC

in the presence of

Director

Director/Secretary

FORM OF TRANSFER OF NOTES

FOR VALUE RECEIVED the undersigned sell(s), assign(s) and transfer(s) to:

.....
.....
.....

(Please print or type name and address (including postal code) of transferee)

£..... *(insert nominal amount)* of Notes represented by this Certificate and all rights under this Certificate in respect of such transferred Notes, irrevocably constituting and appointing Bank of Ireland (UK) plc as attorney to transfer such nominal amount of Notes in the Register maintained by or on behalf of Bank of Ireland (UK) plc with full power of substitution.

Signature(s)

.....

Date:

NOTE:

1. This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions endorsed on the Certificate to which this form of transfer relates and must be executed under the hand of the transferor or, if the transferor is a corporation, this form of transfer must be executed either under its common seal or under the hand of two of its officers duly authorised in writing and, in the latter case, the document so authorising the officers must be delivered with this form of transfer.
2. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Certificate in every particular, without alteration or enlargement or any change whatever.

The following are the Terms and Conditions of the Notes

TERMS AND CONDITIONS OF THE NOTES

The £200,000,000 Floating Rate Subordinated Notes due November 2025 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further Notes issued pursuant to Condition 13 which are consolidated and form a single series with the Notes) are issued by Bank of Ireland (UK) plc (the **Issuer**).

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are in registered form and are available and transferable in minimum principal amounts of £200,000 and integral multiples of £1,000 in excess thereof. A certificate (a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders (the **Register**) which the Issuer will keep or procure to be kept on its behalf.

1.2 Title

Title to the Notes passes only by registration in the Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the Register (or, in the case of a joint holding, the first named thereof).

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

2.1 Transfers

Subject as provided in Condition 2.4, a Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Issuer together with such evidence as the Issuer may reasonably require to prove title to the Notes that are the subject of the transfer and the authority of the individuals who have executed the form of transfer. Legal title to the Notes will pass upon registration of such transfer in the Register.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five Business Days of receipt by the Issuer of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the principal amount of Notes not so transferred will, within 10 Business Days of receipt by the Issuer of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the Register (or, in the case of a joint holding, the first named thereof).

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer but upon payment (or the giving of such indemnity as the Issuer may reasonably require) in respect of any tax or other governmental charges which may be imposed on the Issuer in relation to such transfer.

2.4 Closed periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

3. STATUS AND SUBORDINATION

3.1 Status

The Notes constitute direct, unsecured and, in accordance with Condition 3.2, subordinated obligations of the Issuer and rank *pari passu*, without any preference among themselves.

3.2 Subordination

On a Winding-Up the rights of the Noteholders against the Issuer in respect of the Notes are subordinated in right of payment to all Senior Creditors but shall rank at least *pari passu* with the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital of the Issuer and in priority to the claims of (1) holders of all obligations of the Issuer which constitute Tier 1 Capital of the Issuer, (2) holders of all undated or perpetual subordinated obligations of the Issuer and (3) holders of all classes of share capital of the Issuer.

3.3 Solvency Condition

In a Winding Up, payments in respect of or arising from (including any damages awarded for breach of any obligation under) the Notes are conditional upon the Issuer being solvent at the time of payment by the Issuer and no payment shall be due and payable in respect of or arising from the Notes except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (the **Solvency Condition**). Any Interest Amount which is not paid as a result of the Solvency Condition shall be cancelled.

In these Conditions, the Issuer shall be considered to be solvent at a particular time if (1) the Issuer is able to pay its debts to its Senior Creditors as they fall due and (2) the Issuer's Assets exceed its Liabilities. A report as to the solvency of the Issuer by two Directors of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer and the Noteholders as correct and sufficient evidence thereof.

3.4 No set-off

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

4. INTEREST

4.1 Interest Payment Dates

The Notes bear interest on their outstanding principal amount from and including the Issue Date, and interest will be payable on 26 February, 26 May, 26 August and 26 November in each date year (each an **Interest Payment Date**). If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day.

4.2 Interest accrual

Each Note will cease to bear interest from and including the due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of the payment. In such event, interest will continue to accrue at the prevailing Rate of Interest (determined in accordance with this Condition 4) until the date on which all amounts due in respect of such Note have been paid.

4.3 Rate of Interest

The rate of interest payable from time to time in respect of the Notes (the **Rate of Interest**) will be determined on the basis of the following provisions:

- (a) On the first day of each Interest Period, the Issuer (or its appointed agent) will determine the Screen Rate at approximately 11.00 a.m. (London time) on that date. If the Screen Rate is unavailable, the Issuer (or its appointed agent) will request the principal London office of each of the Reference Banks to provide the Issuer (or its appointed agent) with the rate at which deposits in sterling are offered by it to prime banks in the London interbank market for three months at approximately 11.00 a.m. (London time) on the first day of the Interest Period in question and for a Representative Amount.
- (b) The Rate of Interest for the Interest Period shall be the Screen Rate plus the Margin or, if the Screen Rate is unavailable, and at least two of the Reference Banks provide such rates, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) as established by the Issuer (or its appointed agent) of such rates, plus the Margin.
- (c) If fewer than two rates are provided as requested, the Rate of Interest for that Interest Period will be the arithmetic mean of the rates quoted by major banks in London, selected by the Issuer (or its appointed agent) at approximately 11.00 a.m. (London time) on the first day of such Interest Period for loans in sterling to leading European banks for a period of three months commencing on the first day of such Interest Period and for a Representative Amount, plus the Margin. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be the same as for the preceding Interest Period.

4.4 Determination of Rate of Interest and Interest Amount

The Issuer (or its appointed agent) shall, as soon as practicable after 11.00 a.m. (London time) on the first day of each Interest Period determine the sterling amount payable in respect of interest on each Note (the **Interest Amount**) for the relevant Interest Period. The Interest Amount shall be determined by applying the Rate of Interest to the principal amount of such Note, multiplying the sum by the actual number of days in the Interest Period concerned divided by 365 or (in the case of an Interest Period ending in a leap year) 366 and rounding the resultant figure to the nearest penny (half a penny being rounded upwards).

4.5 Publication of Rate of Interest and Interest Amount

The Issuer shall cause the Rate of Interest and the Interest Amount per £1,000 in principal amount of Notes for each Interest Period and the relative Interest Payment Date to be notified to any stock exchange or other relevant authority on which the Notes have been admitted to listing on the application of the Issuer (by no later than the third day of each Interest Period). The Interest Amount and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

4.6 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference

Banks (or any of them) or the Issuer (or its appointed agent), will (in the absence of manifest error or bad faith) be binding on the Issuer and all Noteholders.

5. PAYMENTS

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be by cheque, by transfer to the registered account of the Noteholder (being a sterling account maintained by or on behalf of it with a bank that processes payments in sterling and notified by the relevant Noteholder to the Issuer) or otherwise as agreed between the Noteholders and the Issuer from time to time.

5.2 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto.

5.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition 5.

5.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day, for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of the Issuer.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering or presenting its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

5.5 Partial payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Issuer will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

6. REDEMPTION AND PURCHASE

6.1 Maturity Date

Unless previously redeemed or purchased and cancelled the Notes will be redeemed each at their principal amount on the Interest Payment Date falling in November 2025.

6.2 Redemption at the option of the Issuer

The Issuer may, in its sole discretion but subject to Condition 6.6, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (which notice shall, subject to

Condition 6.6, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on the Interest Payment Date falling in November 2020 or on any Interest Payment Date thereafter at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date of redemption.

6.3 Redemption for regulatory reasons

If at any time a Capital Disqualification Event has occurred and is continuing, the Issuer may, in its sole discretion but subject to Condition 6.6, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 11 (which notice shall, subject to Condition 6.6, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date of redemption.

A **Capital Disqualification Event** shall occur if, as a result of any change (or pending change which the Supervisory Authority considers to be sufficiently certain) in the regulatory classification of the Notes under the Regulatory Capital Requirements that the Issuer demonstrates to the satisfaction of the Supervisory Authority was not reasonably foreseeable as at the Issue Date, the Notes are (or would be) fully or partially excluded from the Issuer's Tier 2 Capital.

6.4 Redemption for tax reasons

If at any time a Tax Event has occurred and is continuing, the Issuer may, in its sole discretion but subject to Condition 6.6, having given not less than 30 nor more than 60 days' notice to Noteholders in accordance with Condition 11 (which notice shall, subject to Condition 6.6, be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes at their principal amount together with interest accrued and unpaid from and including the immediately preceding Interest Payment Date up to but excluding the date of redemption.

A **Tax Event** shall occur if, as a result of any change in the laws, regulations or government policies of the United Kingdom or any political subdivision or authority thereof or therein, or any change in the interpretation by any competent court or tribunal or in the official application or generally published interpretation of any such laws, regulations or government policies having effect after the Issue Date, such change being material and which the Issuer demonstrates to the satisfaction of the Supervisory Authority was not reasonably foreseeable as at the Issue Date:

- (a) the Issuer has paid, or would on the next Interest Payment Date be required to pay, Additional Amounts in respect of the Notes;
- (b) the Issuer is not or would not be entitled to claim a deduction in computing its taxable profits and losses in respect of interest payable on the Notes, or such a deduction is or would be reduced or deferred;
- (c) the Issuer is not or would not be able to treat the Notes as loan relationships for the purposes of Part 5 of the Corporation Tax Act 2009;
- (d) the Issuer treats or would be required to treat any part of the Notes as an embedded derivative for tax purposes, or the Issuer otherwise is or would be required to take changes in or re-estimates of the value of the Notes or any part of the Notes, or of the present value of the cashflows arising in respect of the Notes or any part of the Notes, into account in computing its taxable profits and losses;
- (e) the Issuer will not or would not, as a result of the Notes being in existence, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be grouped for applicable tax purposes (whether under the United Kingdom group relief system current as at the date hereof or any similar system or systems having like effect as may from time to time exist); or

(f) the Issuer will or would incur any other taxation liability or liabilities in relation to the Notes,

provided that the consequences of such event cannot be avoided by the Issuer taking reasonable measures available to it.

6.5 Purchases

The Issuer or any of its Subsidiaries may, at its option but subject to Regulatory Approval, purchase or otherwise acquire any of the outstanding Notes at any price in the open market or otherwise at any time in accordance with the then prevailing Regulatory Capital Requirements.

6.6 Conditions to redemption

Any redemption under Conditions 6.2, 6.3 or 6.4 is subject to obtaining Regulatory Approval and compliance with the Regulatory Preconditions. In addition, if the Issuer has elected to redeem the Notes and the Solvency Condition is not satisfied in respect of the relevant payment on the date scheduled for redemption the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and the Issuer shall give notice thereof to the Noteholders in accordance with Condition 11 as soon as practicable.

6.7 Cancellations

All Notes which are redeemed by the Issuer pursuant to this Condition 6 will be cancelled. All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may be held, reissued, resold or, at the option of the Issuer or any such Subsidiary, cancelled.

6.8 Notices final

Upon the expiry of any notice as is referred to in Condition 6.2, 6.3 or 6.4, the Issuer shall be bound (subject only to Condition 6.6) to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

7. TAXATION

7.1 Payment without withholding

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied, collected, withheld or assessed by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, unless the withholding or deduction of the Taxes is required by law. If any such withholding or deduction for or on account of any Taxes is required by law, the Issuer will pay such additional amounts (**Additional Amounts**) as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Notes in the absence of any withholding or deduction, except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) held by or on behalf of a Noteholder who is liable to such Taxes in respect of such Note by reason of it having some connection with the United Kingdom other than the mere holding of the Note;
- (b) where (in the case of a payment of principal or interest on redemption) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date except to the extent that the Noteholder would have been entitled to such additional amounts on surrendering such Certificate for payment on the last day of such period of 30 days;
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the

conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive;

- (d) held by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Certificate to a paying agent in a member state of the European Union (provided that such a paying agent has been appointed at such time); or
- (e) where the Noteholder is able to avoid such withholding or deduction by complying, or procuring that a third party complies with, any applicable statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority.

7.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any Additional Amounts which may be payable under this Condition 7 or under any undertakings given by the Issuer in addition to, or in substitution for, this Condition.

8. PRESCRIPTION

Claims in respect of principal and interest in respect of the Notes will become prescribed unless made within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, subject to the provisions of Condition 5.

9. ENFORCEMENT

- (a) If default is made for a period of 20 days or more in the payment of any interest due, the Noteholders may, at their discretion and after taking such preliminary steps or actions as may be necessary, enforce payment by instituting proceedings for the winding up of the Issuer.
- (b) If an order is made by any competent court or a resolution passed for the Winding-up of the Issuer, any Noteholder may, by written notice to the Issuer, declare the Notes to be due and payable, and they shall accordingly forthwith become immediately due and repayable at their principal amount, together with accrued interest.
- (c) Subject to applicable laws, no remedy (including the exercise of any right of set-off or analogous event) against the Issuer other than as specifically provided by Conditions 9(a) and 9(b) or submitting a claim in any Winding-up will be available to the Noteholders.

10. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Issuer, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

11. NOTICES

All notices regarding the Notes shall be valid if sent by post to the Noteholders at their respective addresses in the Register. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or, if published in accordance with the rules of the relevant stock exchange or other authority, on the first date of publication.

12. MODIFICATION AND WAIVERS

12.1 Modification and waiver

The Issuer may, subject to obtaining Regulatory Approval if then required, from time to time modify and/or waive any provision or provisions of these Conditions either:

- (a) with the consent in writing of the holders of not less than three-quarters of the principal amount of Notes which are outstanding; or
- (b) without the need for the consent or approval of the holders if, in the opinion of the Issuer, such amendment is not materially prejudicial to the interests of the Noteholders as a class or is of a formal, minor or technical nature or is to correct a manifest error.

12.2 Notification to the Noteholders

Any such modification shall be binding on the Noteholders (including any Noteholders who have not agreed to such modification) and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 111.

13. FURTHER ISSUES

The Issuer may from time to time without the consent of the Noteholders create and issue further Notes having (i) the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest, if any, on them and/or the issue price thereof) so that the same shall be consolidated and form a single series with the Notes; or (ii) such other terms and conditions as the Issuer may elect.

14. GOVERNING LAW

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

15. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

16. DEFINITIONS

In these Conditions:

Additional Amounts has the meaning given to it in Condition 7.1.

Assets means the unconsolidated gross assets of the Issuer, as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the Directors of the Issuer may determine.

Banking Day means, in respect of any city, any day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in that city;

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

Capital Disqualification Event has the meaning given to it in Condition 6.3.

Certificate has the meaning given to it in Condition 1.1.

Code has the meaning given to it in Condition 5.2.

Conditions means these terms and conditions of the Notes, as amended from time to time.

Interest Amount has the meaning given to it in Condition 4.4.

Interest Payment Date has the meaning given to it in Condition 4.1.

Interest Period means the period from and including the Issue Date to but excluding the first Interest Payment Date, and each successive period from and including an Interest Payment Date to but excluding the next succeeding Interest Payment Date.

Issue Date means 26 November 2015.

Issuer has the meaning given to it in the preamble to these Conditions.

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

Margin means 4.225 per cent per annum.

Notes has the meaning given to it in the preamble to these Conditions.

Rate of Interest has the meaning given to it in Condition 4.3.

Reference Banks means the principal London office of each of four major banks engaged in the London interbank market selected by the Issuer (or its appointed agent), provided that, once a Reference Bank has been selected, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such.

Register has the meaning given to it in Condition 1.1.

Regulatory Approval means such approval, consent, prior permission from, or notification required within prescribed periods to, the Supervisory Authority, or such waiver of the then prevailing Regulatory Capital Requirements from the Supervisory Authority, as is required under the then prevailing Regulatory Capital Requirements.

Regulatory Capital Requirements means any requirements contained in the regulations, requirements, guidelines and policies of the Supervisory Authority, or of the European Parliament and Council, then in effect in the United Kingdom relating to capital adequacy and applicable to the Issuer.

Regulatory Preconditions means, in relation to any redemption of the Notes, to the extent required by prevailing Regulatory Capital Requirements:

- (a) the Issuer having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or
- (b) the Issuer having demonstrated to the satisfaction of the Supervisory Authority that the own funds of the Issuer would, following such redemption, exceed its minimum capital requirements (including any capital buffer requirements) by a margin that the Supervisory Authority considers necessary at such time; or
- (c) if, at the time of such redemption, the prevailing Regulatory Capital Requirements permit the redemption after compliance with an alternative pre-condition to either of those set out in paragraph (a) or (b) of this definition, or require compliance with an additional pre-condition, the Issuer having complied with such other pre-condition.

Relevant Date means whichever is the later of: (1) the date on which the payment in question first becomes due; and (2) if the full amount payable is not available to the Noteholders from the Issuer on or prior to such due date, the date on which (the full amount being so available) notice to that effect has been given to the Noteholders.

Representative Amount means, in relation to any quotation of a rate for which a Representative Amount is relevant, an amount that is representative for a single transaction in the relevant market at the relevant time.

Screen Rate means the rate for three month deposits in sterling which appears on Bloomberg page “BP0003M Index” (or such replacement page on that service which displays the information).

Noteholder has the meaning given to it in Condition 1.2.

Senior Creditors means creditors of the Issuer: (a) who are unsubordinated creditors of the Issuer; or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of a Winding-Up or otherwise) to the claims of other creditors of the Issuer (other than those whose claims relate to obligations which constitute, or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital or Tier 2 Capital of the Issuer, or whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders in a Winding-Up).

Solvency Condition has the meaning given to it in Condition 3.3.

Subsidiary means each subsidiary undertaking (as defined under section 1159 of the Companies Act 2006) for the time being of the Issuer.

Supervisory Authority means the United Kingdom Prudential Regulation Authority and any successor or replacement thereto or such other authority having primary responsibility for the prudential oversight and supervision of the Issuer.

Tax Event has the meaning given to it in Condition 6.4.

Taxes has the meaning given to it in Condition 7.1.

Tier 1 Capital has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

Tier 2 Capital has the meaning given to it (or any successor term) from time to time in the Regulatory Capital Requirements.

Winding-Up means:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the holders of not less than three-quarters of the principal amount of the Notes for the time being outstanding and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (b) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (c) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (a) or (b) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.