



## M&G plc

*(incorporated in England and Wales under the Companies Act 2006 with registered number 11444019)*

**£10,000,000,000**

### **Medium Term Note Programme**

Under the £10,000,000,000 Medium Term Note Programme (the "Programme"), M&G plc (the "Issuer" or "M&G"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "Notes"). Notes may be issued as senior obligations ("Senior Notes") or as dated or undated subordinated obligations with terms qualifying as Tier 2 Capital (as defined herein) (any such dated subordinated obligations "Dated Notes", any such undated subordinated obligations, "Undated Notes" and Dated Notes and Undated Notes together, "Tier 2 Notes"). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £10,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase at any time.

This Prospectus has been approved as a base prospectus by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom (the "UK") by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA") (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 an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme described in this Prospectus during 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 Main Market of the London Stock Exchange (the "Market"). The Market is a regulated market for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments, as it forms part of the domestic law of the UK by virtue of the EUWA ("UK MiFIR"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the Market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to such Notes will be set out in the applicable Final Terms (the "Final Terms") which, with respect to Notes to be listed, will be delivered to the FCA and to the London Stock Exchange. Final Terms in respect of any issuance of Notes under the Programme will be published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

The Issuer has a long-term debt rating of A2 by Moody's Investors Service Ltd ("Moody's"), A by S&P Global Ratings Europe Limited ("S&P") and A+ by Fitch Ratings Limited ("Fitch"). The Issuer has a short-term debt rating of P-1 by Moody's, A-1 by S&P and F1 by Fitch. Moody's and Fitch are both established in the United Kingdom (the "UK") and registered under Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (as amended, the "UK CRA Regulation"). S&P is established in the European Union (the "EU") and registered under Regulation (EC) No 1060/2009 (as amended, the "CRA Regulation"). S&P is not established in the UK but the ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation. S&P Global Ratings UK Limited is established in the UK and registered under the UK CRA Regulation. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation. For information regarding the ratings of Notes issued under the Programme, please see page 10 below.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. 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. Where a Series of Notes is rated, its rating will be specified in the applicable Final Terms.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or the securities laws of any state of the United States and the Notes may not be offered, sold or delivered in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act and applicable state securities laws is available. Accordingly, the Notes are being offered and sold: (i) in the United States only to persons reasonably believed to be "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Securities Act ("Rule 144A") in reliance on the exemption from registration provided by Rule 144A; and (ii) to or for the benefit of certain persons outside the United States who are not U.S. persons in accordance with Regulation S under the Securities Act. See "Provisions relating to the Notes while in Global Form" for a description of the manner in which Notes will be issued. Registered Notes are subject to certain restrictions on transfer, see "Subscription and Sale".

**Prospective investors are advised to exercise caution in relation to any offer pursuant to this Prospectus and, if in doubt about the contents of this Prospectus or the applicable Final Terms, obtain independent professional advice.**

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “*Risk Factors*” on page 19.

*Arranger for the Programme*

**Barclays**

*Dealers*

Citigroup

Barclays  
Goldman Sachs International

Deutsche Bank  
NatWest Markets

## IMPORTANT INFORMATION

**This Prospectus constitutes a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation.**

**This Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the UK and/or offered to the public in the UK other than in circumstances where an exemption is available under Article 1(4) and/or 3(2) of the UK Prospectus Regulation. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of any Notes, prepare a supplement to this Prospectus or publish a new prospectus for use in connection with any subsequent issue of Notes in compliance with Article 23(1) of the UK Prospectus Regulation. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.**

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms relating to any Series of Notes. To the best of the knowledge of the Issuer, the information contained in this Prospectus is in accordance with the facts and the Prospectus makes no omission likely to affect its import.

This Prospectus should be read and construed with any amendment or supplement hereto and with any documents (or sections of documents) incorporated herein by reference (see "*Documents Incorporated by Reference*" below). Further, in relation to any Series (as defined below) of Notes, this Prospectus should be read and construed together with the applicable Final Terms. No person has been authorised by the Issuer, any Dealer (as defined below) or the Trustee (as defined below) to give any information or to make any representation not contained in or not consistent with this Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer, any Dealer or the Trustee.

No representation or warranty is made or implied by the Dealers or the Trustee or any of their respective affiliates, and neither the Dealers nor the Trustee nor any of their respective affiliates makes any representation or warranty or accepts any responsibility, as to the accuracy or completeness of the information contained in this Prospectus or as to any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Prospectus is accurate subsequent to the date hereof or that there has been no adverse change in the financial situation of the Issuer since the date hereof or, if later, 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 at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Notes in bearer form 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 or for the account or benefit of U.S. persons, 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 and Treasury regulations promulgated thereunder.

### **NO INCORPORATION OF WEBSITES**

Other than in relation to the documents which are deemed to be incorporated in this Prospectus by reference, the information on the websites to which this Prospectus refers does not form part of this Prospectus and has not been scrutinised or approved by the FCA.

**IMPORTANT – EEA RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled “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 (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). 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.

**IMPORTANT – UK RETAIL INVESTORS** – If the Final Terms in respect of any Notes includes a legend entitled “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 the domestic law of the UK by virtue of the EUWA; (ii) a customer within the meaning of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of the domestic law of the United Kingdom 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.

**MIFID PRODUCT GOVERNANCE/TARGET MARKET** – The applicable Final Terms 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 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 about whether, for the purpose of the 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 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 in respect of any Notes may 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 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 nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

**PRODUCT CLASSIFICATION PURSUANT TO SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”)** – Unless otherwise stated in the applicable Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be “prescribed capital market products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in the Monetary Authority of Singapore (the “MAS”) Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

#### **UK BENCHMARKS REGULATION**

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 Regulation (EU) 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the “UK Benchmarks Regulation”). If any such reference rate does constitute such a benchmark, the applicable Final Terms 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. 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. The registration status of any administrator under the Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the administrator.

## IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND OFFERS OF NOTES GENERALLY

The distribution of this Prospectus and any Final Terms and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus or any Final Terms come are required by the Issuer, the Dealers and the Trustee to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Prospectus or any Final Terms and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, this Prospectus has been prepared on the basis that any offer of Notes in the UK will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in a Member State of Notes which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. In addition, the Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the U.S. and may include Notes in bearer form which are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. This Prospectus has not been submitted for clearance to the *Autorité des marchés financiers* in France.

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 consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (a) has 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 supplement;
- (b) has 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;
- (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, or where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of financial markets; and
- (e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Neither this Prospectus nor any Final Terms constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealers, the Trustee or any of them that any recipient of this Prospectus or any Final Terms should subscribe for or purchase any Notes. Each recipient of this Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

### **U.S. INFORMATION**

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY IN THE UNITED STATES, NOR HAVE ANY OF THE FOREGOING AUTHORITIES APPROVED THIS PROSPECTUS OR CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

This Prospectus may be distributed on a confidential basis in the United States to QIBs for informational use solely in connection with the consideration of the purchase of the Notes being offered hereby. Its use for any other purpose in the United States is not authorized. This Prospectus may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Registered Notes may be offered or sold within the United States only to QIBs in transactions exempt from registration under the Securities Act. Each prospective U.S. purchaser of Registered Notes is hereby notified that the sellers of any Registered Notes may be relying upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

Each purchaser or holder of Notes represented by a Rule 144A Global Note (as defined below) or any Notes issued in registered form in exchange or substitution therefor (together, "Legended Notes") will be deemed, by its acceptance or purchase of any such Legended Notes, to have made certain representations and agreements intended to restrict the resale or other transfer of such Notes as set out in "*Subscription and Sale*". Unless otherwise stated, terms used in this paragraph have the meanings given to them in "Provisions relating to the Notes while in Global Form".

Each Tranche of Notes in registered form offered and sold in reliance on Regulation S under the Securities Act ("Regulation S"), which will be sold to non-U.S. persons outside the United States, will be represented by a global Note in registered form (a "Regulation S Global Note") which will be deposited with a common depositary or common safekeeper, as the case may be, for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream,

Luxembourg”), and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms.

Each Tranche of Notes in registered form offered and sold to QIBs will be represented by a global Note in registered form (a “Rule 144A Global Note” and, together with a Regulation S Global Note, the “Registered Global Notes”) which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company (“DTC”).

### **AVAILABLE INFORMATION**

To permit compliance with Rule 144A in connection with any resales or other transfers of Notes that are “restricted securities” within the meaning of the Securities Act, the Issuer has undertaken in the Trust Deed dated 10 August 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Trust Deed”) between the Issuer and the Trustee, to furnish, upon the request of a holder of such Notes or any beneficial interest therein, to such holder or to a prospective purchaser designated by it, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is neither a reporting company under Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended, (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. The Issuer is currently not a reporting company under the Exchange Act.

### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Issuer is a company incorporated under the laws of England and Wales. Substantially all of the assets of the Group are located in the United Kingdom. None of the Directors or officers is a citizen or resident of the United States. As a result, it may not be possible for holders of Notes (“Noteholders”) to effect service of process within the United States upon the Issuer or such persons or to enforce outside the United States judgments obtained against the Issuer or such persons in U.S. courts, including, without limitation, judgments based upon the civil liability provisions of the U.S. securities laws or the laws of any state or territory within the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may be unenforceable in the United Kingdom. Noteholders may also have difficulties bringing original actions in courts outside the United States, to enforce liabilities based upon U.S. securities laws or the laws of any state or territory within the United States.

### **FINANCIAL INFORMATION**

Recipients of this Prospectus should consult their own professional advisers to gain an understanding of the financial information contained in this Prospectus. An overview of the basis for presentation of financial information in this Prospectus is set out below.

#### **Presentation of financial information**

Unless the context requires otherwise, references in this Prospectus references to the “Group” are to the Issuer and its subsidiaries. All financial information relating to the Group in this Prospectus is stated on a combined basis for the Issuer and its subsidiaries from time to time for the entirety of the years ended 31 December 2019 and 2020 and for the half year ended 30 June 2021.



Unless otherwise stated, the financial information in this Prospectus has been prepared in accordance with the requirements of the UK Prospectus Regulation. Investors should ensure that they read the whole of this Prospectus and should not only rely on the key information or information summarised within it.

Unless otherwise indicated, none of the other financial information relating to the Group or any operating data or key performance indicators relating to the Group have been reported on or audited.

### **Non-IFRS Financial Measures**

This Prospectus contains certain financial measures that are not defined or recognised under IFRS, including adjusted operating profit before tax and assets under management and administration (“AuMA”) (together, the “Non-IFRS Financial Measures”). The Group presents these metrics because they are less affected than IFRS measures of performance by one-time impacts, and therefore, in the Group’s view, provide a better basis for assessing trends in the operational performance of the Group over time.

The Non-IFRS Financial Measures are not defined under IFRS and other companies may calculate such measures differently or may use such measures for different purposes than the Group does, limiting the usefulness of such measures as comparative measures. Prospective investors should not consider the Non-IFRS Financial Measures in isolation, as an alternative to consolidated profit before tax, as an indication of operating performance, as an alternative to cash flows from operations or as a measure of the Issuer’s profitability or liquidity.

#### *Adjusted operating profit before tax*

Adjusted operating profit before tax is the Group’s non-GAAP alternative performance measure. Adjusted operating profit before tax is used by the Group for key decision making and the internal performance management of its operating segments as it is less affected by one-time impacts, and is therefore more representative of the normal, long-term performance of the business.

For the Group’s fee based business, adjusted operating profit before tax includes fees received from customers and operating costs for the business including overheads, expenses incurred to meet regulatory requirements and regular business development/structuring costs. Exceptional costs associated with fundamental one-off group-wide restructuring and transformation are not included in adjusted operating profit before tax.

For the Group’s business written in the with-profits fund, adjusted operating profit before tax includes the statutory transfer to the shareholders gross of attributable shareholder tax. Short term temporary movements in the fair value of instruments held to mitigate equity risk in the transfer are excluded from adjusted operating profit before tax. These hedges are matched to the statutory transfer on an economic basis rather than an IFRS basis, which may result in a mismatch between the movement in the instrument and the corresponding impact on the statutory transfer. Any such mismatch will be reflected in adjusted operating profit before tax.

For the Group’s shareholder annuity and non-linked products written by the Heritage segment, adjusted operating profit before tax is calculated using long term investment assumptions which

reflect the Group's expectation of investment returns over the lifetime of the relevant product, allowing for expected payments into and from the product. Adjusted operating profit before tax excludes impacts that are the result of short-term, unrealised market movements.

Certain additional items are excluded from adjusted operating profit before tax where those items are considered to be non-recurring or strategic, or considered to be one-off, due to their size or nature, and therefore not indicative of the long-term operating performance of the Group.

#### *AuMA*

The closing AuMA represents the total market value of all financial assets managed and/or administered on behalf of customers at the end of each financial period. The average AuMA represents the average total market value of all financial assets managed and administered on behalf of customers during the financial period. Average AuMA is calculated using a 13-point average of monthly closing AuMA for full year periods and seven-point average of monthly closing AuMA for half year periods.

#### **Abbreviations and rounding of figures**

The Group's financial information is presented in Pounds Sterling. All references in this document to "US\$", "US dollars" and "\$" are to United States dollars, those to "Pounds Sterling", "Sterling" and "£" are to pounds sterling, those to "euro", "Euro", "€" and "EUR" 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.

The financial information presented in a number of tables in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding, and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

#### **REFERENCES TO REGULATION**

In this Prospectus, unless a contrary intention appears, a reference to a law or a provision of law is a reference to that law or provision as extended, amended, superseded or re-enacted.

#### **SOURCES**

Where third party information has been used in this Prospectus, the source of such information has been identified. The Issuer confirms that such information has been accurately reproduced and, so far as the Issuer is aware and has been able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus relate to the future, including forward-looking statements relating to the Group's financial position and strategy. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue' or other similar words. These statements discuss future expectations concerning the Group's results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, including the risk factors set out in the section entitled "*Risk Factors*", many of which are beyond the Group's control, and which may cause the actual results to differ materially from those expressed in the statements contained in this Prospectus. The Group's actual results of operations, financial condition and the development of the business sectors in which the Group operates may differ materially from those suggested by the forward-looking statements contained in this Prospectus due to certain factors including, but not limited to, domestic and global economic and business conditions, market-related risks pertaining to the insurance industry as a whole, the policies and actions of regulatory authorities, market developments regarding insurance products, the impact of competition, technological development, inflation, deflation, the timing, impact and other uncertainties of any future acquisitions, combinations or divestments within relevant industries, as well as the impact of tax and other legislation and other regulations in the jurisdictions in which the Group operates. In addition, even if the Group's actual results of operations, financial condition and the development of the business sectors in which it operates are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. Recipients of this Prospectus are cautioned not to put undue reliance on forward-looking statements.

Other than as required by law, none of the Issuer, its officers, advisers or any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Prospectus will actually occur, in part or in whole.

Additionally, statements of the intentions of the board of directors of the Issuer (the "Board") and/or the directors of the Company as at the date of this Prospectus (the "Directors") reflect the present intentions of the Board and/or Directors, respectively, as at the date of this Prospectus and may be subject to change as the composition of the Board alters, or as circumstances require. Except as required by law, the Issuer disclaims any obligation or undertaking to update or revise any forward-looking statement in this Prospectus.

The forward-looking statements speak only as at the date of this Prospectus. To the extent required by applicable law or regulation (including as may be required by the Companies Act, the Prospectus Regulation Rules of the FCA made under section 73A of the FSMA, the listing rules of the FCA made under section 73A of the FSMA, Regulation (EU) No. 596/2014 as it forms part of the domestic law of the UK by virtue of the EUWA, the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA (as set out in the FCA's Handbook of Rules and Guidance) and the FSMA), the Issuer will update or revise the information in this Prospectus. Otherwise, the Issuer 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 expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

### **RATINGS**

The Programme has been rated A2 (Senior Notes) and A3 (Tier 2 Notes) by Moody's, A (Senior Notes) and BBB (Tier 2 Notes) by S&P and A (Senior Notes) and BBB+ (subordinated debt) by Fitch.

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## STABILISATION

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE OF NOTES, THE DEALER OR DEALERS (IF ANY) ACTING AS 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 TERMS OF THE OFFER OF THE RELEVANT TRANCHE OF NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE OF NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE OF NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.

## GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Any decision to invest in any Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980 as it forms part of the domestic law of the UK by virtue of the EUWA.

Words and expressions defined in “*Terms and Conditions of the Notes*” below shall have the same meanings in this overview.

<b>Issuer:</b>	M&G plc.
<b>LEI:</b>	254900TWUJUQ44TQJY84.
<b>Description:</b>	Medium Term Note Programme.
<b>Size:</b>	£10,000,000,000 (or its equivalent in other currencies calculated as described herein) from time to time, subject to increase at any time.
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. See “ <i>Risk Factors</i> ”.
<b>Arranger:</b>	Barclays Bank PLC.
<b>Dealers:</b>	Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, NatWest Markets Plc.
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Principal Paying Agent:</b>	Citibank, N.A., London Branch.
<b>Registrar:</b>	Citibank, N.A., London Branch.
<b>Method of Issue:</b>	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in

respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with 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 completed in the applicable final terms document (the “Final Terms”).

- Issue Price:** Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
- Form of Notes:** The Notes will be issued in either bearer or registered form and may be issued in New Global Note (“NGN”) or held under the New Safekeeping Structure (“NSS”) form as described in “*Provisions Relating to the Notes while in Global Form – Form of Global Notes*”. Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
- Clearing System(s):** Clearstream, Luxembourg and Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer.
- Currencies:** Subject to compliance with all applicable laws and regulations, Notes may be issued in any currency agreed between the Issuer and the relevant Dealer at the time of issue.
- Specified Denominations:** Notes will be in such denominations as may be specified in the applicable Final Terms, save that in the case of any Notes which are to be admitted to trading on a regulated market within the UK or offered to the public in the UK in circumstances which would otherwise require the publication of a prospectus under the UK Prospectus Regulation, the minimum specified denomination shall be EUR 100,000 (or its equivalent in any other currency as at the date of issue of the Notes).
- Maturity:** The Maturity Date (if applicable) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes.

The Undated Tier 2 Notes are perpetual securities in respect of which there is no maturity date.

**Interest Basis:**

Notes may or may not bear interest. Interest-bearing Notes will either bear interest payable at a fixed rate, a floating rate or at a rate which may be reset periodically during the life of the Note.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Reset Notes, Zero Coupon Notes or a combination of the foregoing.

The margin applicable to the Notes (if any) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes and specified in the Final Terms.

**Interest Periods and Rates of Interest:**

Other than Zero Coupon Notes, the length of all interest periods for all Notes and the applicable Rate of Interest or its method of calculation may differ from time to time or be constant for any Series. Other than Zero Coupon Notes, Notes may have a Maximum Rate of Interest, a Minimum Rate of Interest or both.

**Fixed Rate Notes:**

Fixed Rate Notes will bear interest at a fixed rate payable in arrear on the date or dates in each year specified in the applicable Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.; or
- (ii) by reference to a Reference Rate.

**Benchmark Discontinuation:**

If Floating Rate Notes or Reset Notes provide for a Rate of Interest (or any component part thereof) to be determined by reference to a reference rate, Reference Rate Replacement or Mid Swap Rate Replacement (as



applicable) is specified as applicable in the Final Terms and a Benchmark Event in respect of such reference rate occurs, then the Issuer shall use reasonable endeavours to appoint an Independent Adviser to determine a Successor Reference Rate or Alternative Mid Swap Rate (as applicable), failing which an Alternative Reference Rate (in respect of Floating Rate Notes only), for use in place of the Original Reference Rate or Mid Swap Rate (as applicable) and to determine an Adjustment Spread (or similar) and any required waivers or amendments. If the Issuer is unable to appoint an Independent Adviser or the Independent Adviser fails to determine a Successor Reference Rate, Alternative Mid Swap Rate or Alternative Reference Rate (as applicable), then the Issuer may determine such Successor Reference Rate, Alternative Mid Swap Rate or Alternative Reference Rate (as applicable), an Adjustment Spread (or similar) and any required waivers or amendments. If the Independent Adviser and/or Issuer is unable to make such determination or determines that no such replacement rate exists at the relevant time, the Rate of Interest shall be determined by reference to the immediately preceding Interest Period.

**Reset Notes (*Tier 2 Notes only*):** Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date(s) in each year for an initial period as specified in the relevant Final Terms. Thereafter, the interest rate may be recalculated on certain dates specified by reference to a Mid Swap Rate or a Reference Bond, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as specified in the relevant Final Terms.

**Zero Coupon Notes (*Senior Notes only*):** Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest.

**Redemption:** The terms under which Notes may be redeemed (including, in the case of Senior Notes or Dated Tier 2 Notes, the Maturity Date and the price at which they will be redeemed on the Maturity Date as well as any provisions relating to early redemption of the Notes) will be agreed between the Issuer and the relevant Dealer at the time of issue of the relevant Notes. The Undated Tier 2 Notes are perpetual securities in respect of which there is no maturity date.

**Optional Redemption:** The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed at the

option of the Issuer and/or (in the case of Senior Notes only) the Noteholders (in each case, either in whole or in part) and, if so, the terms applicable to such redemption. No Tier 2 Notes may be redeemed at the option of the Noteholders.

As specified in the Final Terms, and as set out more fully in the Terms and Conditions of the Notes, Notes may also be redeemed at the option of the Issuer following the occurrence of one or more of a Tax Event, Regulatory Event and/or Rating Event.

**Status of Senior Notes:**

The Senior Notes will constitute direct and, subject to the provisions referred to in the paragraph entitled “*Negative Pledge*” below, unsecured obligations of the Issuer and will rank *pari passu* without preference among themselves.

**Status of Tier 2 Notes:**

The Tier 2 Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank *pari passu* without preference among themselves. The rights of the Holders of the Tier 2 Notes against the Issuer to payment of any amounts under or arising from the Notes will, in the event of the winding-up of the Issuer, be subordinated to the claims of all Senior Creditors.

For these purposes, “Senior Creditors” means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders (and including, for the avoidance of doubt, all policyholder claims)).

**Interest Deferral (*Tier 2 Notes only*):**

Subject to certain conditions, where Optional Interest Deferral or Capital Adequacy Deferral is specified as applicable in the Final Terms, the Issuer may elect in certain scenarios to defer interest payments on the Notes.

The Issuer will also be required to defer interest payments in certain scenarios, as more fully described in the Conditions.

**Redemption Deferral (*Tier 2 Notes only*):**

Unless otherwise permitted by the Prudential Regulation Authority (the “PRA”), the Issuer is required to defer any scheduled redemption of Tier 2 Notes (whether at maturity (if any) or if it has given notice of early redemption) unless on and immediately after the relevant Redemption Date or date on which the Notes are to be purchased:

- (i) the Issuer has given prior notice to the PRA and the PRA has given its prior approval or notified the Issuer in writing of its non-objection (as applicable at the relevant time);
- (ii) the Issuer is in compliance with the Regulatory Capital Requirement;
- (iii) the Issuer satisfies the Solvency Condition;
- (iv) both the Solvency Capital Requirement and the Minimum Capital Requirement are met; and
- (v) no Insolvent Insurer Winding-up has occurred and is continuing.

The PRA may impose further conditions on any redemption or purchase at the relevant time

**Negative Pledge (*Senior Notes only*):**

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

**Taxation:**

Payments in respect of all Notes will be made without withholding or deduction of taxes of the United Kingdom, unless the deduction or withholding is required by law. In such an event, the Issuer will, subject to customary exceptions, pay such additional amounts as are necessary in order that the amount received by the Holders after the deduction or withholding shall equal the respective amounts that would have been received in respect of the Notes in the absence of the deduction or withholding.

The obligation to pay additional amounts in respect of the Tier 2 Notes applies only in respect of interest payments (and not in respect of any payments of principal).

**Governing Law:**

English law.

**Listing:**

Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to

the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

**Ratings:**

The Issuer has a long-term debt rating of A2 by Moody's, A by S&P and A+ by Fitch. The Issuer has a short-term debt rating of P-1 by Moody's, A-1 by S&P and F1 by Fitch. Moody's and Fitch are both established in the UK and registered under the UK CRA Regulation. S&P is established in the EU and registered under the CRA Regulation. S&P is not established in the UK but the ratings issued by S&P have been endorsed by S&P Global Ratings UK Limited in accordance with the UK CRA Regulation. S&P Global Ratings UK Limited is established in the UK and registered under the UK CRA Regulation. As such, the ratings issued by S&P may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation.

Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, its rating will be specified in the applicable Final Terms. Where a Series of Notes is rated, its rating will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency.

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.

**Selling Restrictions:**

United States, EEA, United Kingdom, Italy, Switzerland, Hong Kong, Belgium, Singapore, France, Japan and Public Offer Selling Restrictions. See "*Subscription and Sale*".

**Notes having a maturity of less than one year**

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

**Representation of Noteholders:** Trustee.

## RISK FACTORS

*The Issuer believes that the following factors, which are specific to the Issuer, may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur.*

*In addition, risk factors which are specific to the Notes issued under the Programme are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme as at the date of this Prospectus. If any or a combination of these risks actually occurs, the business, results of operations, financial condition and/or prospects of the Group could be materially and adversely affected, which could result in the Issuer being unable to pay interest, principal or other amounts on or in connection with any Notes or materially and adversely affect the trading price of any Notes.*

*Prospective investors should note that the risks relating to the Issuer and the Notes summarised in this section are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Notes. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*Words and expressions defined in “Terms and Conditions of the Notes” below shall have the same meanings in this section.*

### **1. RISKS RELATING TO THE GROUP’S BUSINESS**

#### **1.1 The Group’s business is conducted in highly competitive environments, and the ongoing impact of the Covid-19 pandemic and developing demographic trends means that continued profitability depends upon management’s ability to respond to these pressures and trends**

The financial services markets in which the Group operates are highly competitive, with several factors affecting the Group’s continued profitability and its ability to sell its products, including the range, quality, price and yields of the products offered by the Group and the Group’s financial strength, ratings, brand strength and name recognition. Additionally, the Group’s investment management performance, historical bonus levels, ability to respond to developing customer needs in terms of products and servicing, demographic trends and technological advances as well as customer appetite for certain savings products could also affect the Group’s continued profitability and its ability to sell its products. The ongoing economic and market volatility caused by the Covid-19 pandemic could affect customers demand for the Group’s products and impact the Group’s continued profitability. In some of its markets, the Group faces competitors that are larger, have greater financial resources or a greater market share, offer a broader range of products and/or offer more competitive terms. Further, heightened competition for talented and skilled employees may limit the Group’s potential to grow its business as quickly as planned.

The Group's principal competitors include many of the major retail financial services companies and fund management companies including, for example, Aviva, Hargreaves Lansdown, Janus Henderson, Jupiter, Legal & General, Schroders, abrdn and St. James's Place.

In addition, while diversification of the Group's savings and investments business is ongoing, the Group retains concentration risk to PruFund, a transparent and modern way of with-profits investing in the UK, which offers individuals different rates of smoothed return aligned with their tolerance for risk. This makes the business more vulnerable to factors which reduce PruFund's investment performance and to any design risk arising in respect of it (e.g. in relation to the accumulation of smoothing losses, particularly from lower volatility funds). The Group has launched a number of new products and fund offerings as well as expanding into international markets, to reduce this concentration risk. The acquisition of Ascentric in September 2020 also broadens the Group's coverage of the Independent Financial Advisor ("IFA") market and accelerates the Group's move into high value wealth management. Further efforts and initiatives to diversify the Savings & Asset Management product range continue. However, there is a risk that new products offered by the Group may not be successful and/or that the Group may not achieve the diversification necessary to successfully compete in the markets in which it seeks to operate, which could have an adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group believes competition will intensify across all areas in response to consumer demand, digital and other technological advances, the need for economies of scale and the consequential impact of consolidation, regulatory actions, new non-traditional market entrants and other factors. Customer needs and expectations are changing rapidly, becoming more complex, with increased need for advice and guidance, and an increasing demand for innovative products and simplified service tailored to customers' specific requirements. In particular, in the UK there are several factors which are expected to continue to heighten competition within the sectors in which the Group operates.

The continued evolution of the UK pensions and savings market, particularly the impact of pensions freedoms, means that the Group will need to ensure that it provides customers with the flexible long-term investment solutions that they are increasingly looking for. In the asset management sector, growth in passively-run index trackers continues to gain pace, propelled by the US market and the inability of many active strategies to consistently outperform their benchmarks, net of fees. Market access to passive investing, including strategies driven by smart beta, robot-enabled advice, artificial intelligence and machine learning, is cheap and ubiquitous through passive funds and exchange-traded products, which increases competition.

The Group's ability to generate an appropriate return depends significantly upon its capacity to anticipate and respond appropriately to these competitive pressures. Failure to do so may negatively impact the Group's ability to attract and retain customers and, importantly, may limit the Group's ability to take advantage of new business arising in the markets in which it operates, which may have an adverse impact on the Group's business, results of operations, financial condition and/or prospects.

## **1.2 The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives**

The markets in which the Group operates are characterised by continued improvements in operational infrastructure, including changes to reflect adviser or customer requirements and preferences, the introduction of new technologies and developments in industry and regulatory standards. These changes could render the Group's existing technology, systems and control environment obsolete.

In response to such challenges, and as part of the implementation of its business strategies, the Group is conducting a number of significant change initiatives. These change initiatives, many of which involve complex interdependencies and/or are of large scale, are also necessary to reduce conduct risk and improve the experience and outcomes for customers, while strengthening the Group's resilience and control environment, and provide the Group with an efficient and scalable platform for future growth. There may be financial, operational, regulatory, customer and reputational implications if such initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity, or weaken the control environment, of the Group. The scale and nature of the change programmes may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, which, in turn, result in the transformation activities being delayed or not delivered at all and/or the disruption of business as usual activities, all of which may affect the Group's operations. The Covid-19 pandemic has introduced changes to the working environment which has presented additional challenges in the implementation of change initiatives.

The Group's current significant change initiatives include substantial investment in a transformation programme to improve customer experience and enhance the Group's IT and control environment, as well as various major outsourcing partnerships (the "Transformation Programme"). The Group may fail to deliver this Transformation Programme in a timely or cost-effective manner and the programme may fail to achieve the expected shareholder cost savings of approximately £145 million per annum by 2022. This could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Significant operational execution risks arise from these initiatives, including in relation to business functions and processes (data, systems and people) and third party arrangements. It is also possible that there may be insufficient organisational capacity to absorb the anticipated changes. Any disruption caused by, or failure to successfully implement any of, the change initiatives could have an adverse impact on the Group's ordinary course business and, consequently, its financial condition, results of operations and prospects, or otherwise harm the Group's reputation.

**1.3 The Group is exposed to conduct risk which could lead to unanticipated financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals**

Conduct risk is the risk that acts or omissions of the Group, or individuals within the Group, result in poor or unfair outcomes for customers, employees, other stakeholders or affect market integrity. Conduct risk may arise where the Group fails to design, implement or adhere to appropriate policies and procedures, offer products, services or other propositions that do not meet the needs of customers or fails to perform in accordance with their intended design, or fails to communicate appropriately with customers. This risk may also arise where the Group fails to deal with complaints effectively, sells or recommends unsuitable products or solutions to customers, fails to provide them with adequate information to make informed decisions or provides unsuitable investment or financial planning advice to customers, or fails to do any of the foregoing on an ongoing basis after initial sales, among other things.

The Group is also exposed to conduct risk arising from the activities and advice practices of its financial advice business and of external advisers that recommend its products. This advice is provided across a diverse range of complex products, including products from third parties, and investment choices, which may result in customers not understanding the terms and characteristics of a product and/or whether a product meets their own financial objectives. In relation to the Group's financial advice business in particular, ongoing transformation within the Group's business, including the development of new product propositions and digitalisation, creates the need to enhance and maintain controls and oversight to ensure that customers receive fair outcomes and transparent terms. The financial advice industry in the UK has also been more generally exposed to mis-selling advice practices, including in relation to personal pensions and annuity products, which has resulted in significant costs of redress.

Conduct risk remains the subject of close regulatory scrutiny. Failing to treat customers fairly and appropriately, and failing to demonstrate sufficient suitability processes and monitoring could lead to legal proceedings, regulatory enforcement action or the imposition of a requirement to make redress payments. Given that regulation includes principles-based rules and regulations, the rules and regulations may be subject to differing applications and interpretations by regulators or market participants over time. This could in turn lead to unanticipated financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals. Moreover, if the Group fails to detect misconduct on a timely basis, or at all, the Group may face further reputational or financial damage. This is particularly pertinent during periods of strategic transformation, if resources typically focused on ordinary course business are diverted to transformation delivery, which brings risks to customer outcomes. See *"The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives"* above.

Any of the foregoing could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.



#### **1.4 Adverse experience in the operational risks inherent in the Group's business could disrupt the Group's business functions and have a negative impact on its financial condition, results of operations and prospects**

Operational risk, the risk of financial or non-financial impact (for example, regulatory or reputational impact) resulting from inadequate or failed internal or outsourced processes and controls, colleague errors, technology issues or from external events which impact operations, is present in all of the Group's businesses. Exposure to such risk could disrupt the Group's systems and operations significantly, and may result in financial loss, regulatory censure, adverse customer outcomes and/or reputational damage.

The Group's business is dependent on processing a large number of transactions across numerous and diverse products, and it currently employs a large number of models, and user developed applications, some of which are complex, in its processes. The long-term nature of much of the Group's business also means that accurate records have to be maintained for significant periods. Further, the Group operates in an extensive and evolving legal and regulated environment (including in relation to tax) which adds to the operational complexity of its business processes and controls. See "*Risks relating to regulation and legislation*" below.

These factors, among others, result in significant reliance on, and require significant investment in, the information technology ("IT") infrastructure, compliance and other operational systems, personnel and processes for the performance of the Group's core business activities. The operational effectiveness and resilience of these components may be impacted, particularly in times of significant change, for example, as a result of changes to the ways of working such as those required during the Covid-19 pandemic. Although the Group's IT, compliance and other operational systems and processes incorporate controls designed to manage and mitigate the operational and model risks associated with its activities, there remains a risk that such controls will not always be effective. Operational risk incidents do happen periodically and no system or process can entirely prevent them. Such events could, among other things, harm the Group's ability to perform necessary business functions, result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its reputation and relationships with its customers, regulators and business partners, all of which may have a material adverse effect on the Group's results of operations and financial condition. Similarly, any weakness in administration systems (such as those relating to policyholder records) or actuarial reserving processes could have a material adverse effect on the Group's business, financial condition, results of operations and prospects and the reporting of financial results during the effective period.

#### **1.5 Certain aspects of the Group's business, including its strategic initiatives, are dependent on joint venture partners and third party arrangements, including the outsourcing of services, which carry various material risks**

The Group has an existing and growing reliance on a number of third party supplier and outsource partner arrangements to provide several business operations, including a significant part of the UK back office and customer facing operations as well as a number of IT support functions, investment operations and data hosting. The Group is also reliant

on a number of joint venture partners. This creates reliance upon the operational performance and resilience of these third party suppliers, outsourcing arrangements and joint ventures. The failure of key IT or operational systems and processes in these arrangements, the insolvency of a third party or outsourcing partner or the Group's failure to oversee these arrangements adequately could result in significant disruption to the Group's business operations and customers, which could impact its financial condition and results of operations.

In particular, much of the Group's business is administered by material outsourcing partners. Regulatory risk in respect of this outsourcing, as with other outsourcing arrangements put in place by the Group, rests with the Group. The outsourced nature of the services provided means that there remains a risk that customer outcomes or service standards may fall below required levels. In the event that an outsourcing partner fails to adhere to adequate contractual or regulatory standards, particularly in a customer facing element of the business, the Group is exposed to the material risk of regulatory action and reputational harm, and such failure may have a material adverse effect on the Group's financial condition.

Furthermore, a significant proportion of the Group's product distribution is carried out through arrangements with third parties not directly controlled by the Group. The Group's product distribution is therefore dependent upon the continuation of these relationships and such third parties operating in compliance with regulatory standards. A temporary or permanent disruption to these distribution arrangements, such as through any significant deterioration in the reputation, financial position or other circumstances of the third party or material failure in the third party's controls (such as those pertaining to third-party system failure, regulatory compliance or the prevention of financial crime) could adversely affect the results of operations of the Group.

In addition, outsourcing and other agreements may also be terminated on certain dates or subject to certain conditions and could be subject to renewal on less favourable terms or not at all. There is a risk that any such non-renewals or losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**1.6 The Group has a high dependency on technology solutions operating effectively to meet the growing digital needs of its business, customers and clients, the failure of which could disrupt the Group's business functions and have a negative impact on its business, financial condition, results of operations and prospects**

The maintenance, integrity and resilience of the Group's IT infrastructure and applications is paramount to meeting the Group's business, customer and client needs. The Group is currently reliant on a large number of legacy systems spread over a complex supply chain, which creates an enhanced risk of IT issues. The Group may experience outages as a result of computer systems failures or attempts by third parties or malicious insiders to disrupt or improperly access the Group's IT systems. See "*Attempts by unauthorised parties (including external threat actors or malicious insiders) to disrupt or improperly access the Group's IT systems or data could result in reputational damage, regulatory action, financial loss or the need for customer redress, each of which could have material*

*adverse effects on the Group's business, financial condition, results of operations and prospects*" below. This risk is enhanced as a result of the adoption of a dispersed workforce, working from home due to the Covid-19 pandemic. Such outages may lead to operational issues, reputational damage or customer detriment, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects or damage its reputation.

The Group is engaged in a number of initiatives to upgrade and, where required, modernise the Group's IT infrastructure and overall operational resilience, although there remains a risk that such initiatives will not deliver what is required either on time, on budget, or provide the performance levels required to support the current and future needs of the Group and its customers. See "*The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives*" above. These initiatives lead to an increased dependency on third party supplier and outsourced partners. See "*Certain aspects of the Group's business, including its strategic initiatives, are dependent on joint venture partners and outsourcing services to third party contractors, suppliers, agents and service providers, which carries various material risks*" above. Failure to achieve such performance levels may have material adverse consequential effects on the Group's business, financial condition, results of operations and prospects.

**1.7 Failure by the Group to manage conflicts of interest could result in reputational damage, regulatory action or the need for customer redress, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects**

The Group faces significant potential and actual conflicts of interest, including conflicts between: (i) the Group and its customers; (ii) the Group's customers; (iii) the Group's employees and its customers; and (iv) the Group's businesses, including where Group employees carry out different roles in other business entities. There can be conflicts of interest between entities across the Group, particularly between asset owner PAC (one of the main operating entities in the Group's retail savings business) and asset manager, M&G Group. Additionally, PAC is a co-investor in a range of funds managed by M&G Group. These arrangements could lead to a number of conflicts, including but not limited to issues relating to fee arrangements, access to information, fund redemptions, investment management processes (such as allocations) and advice.

While the Directors believe these potential and actual conflicts of interest have been identified and the Group has appropriate controls in place to mitigate the risk of conflicts being mismanaged, there remains a risk that the Group will suffer reputational damage or potential regulatory liability if its information barriers, procedures and systems to identify, record and manage potential and actual conflicts of interest fail or are insufficient. Any such failure could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

**1.8 Sustained underperformance across a range of funds or products, or by one of the Group's larger funds, institutional asset management solutions or asset pools,**

**could have adverse effects on the Group's business, financial condition, results of operations and prospects**

When financial advisers or institutional investors select investment or savings products, or when retail customers select a wealth manager, an important consideration for such customers and/or such intermediaries and advisers is the ongoing investment performance of the products or solutions offered. If the Group were to fail to provide satisfactory investment returns in its portfolios, products or solutions, the Group may be unable to attract new customers and customers of such solutions (or customers generally) may decide to reduce their investments or withdraw assets altogether in favour of better performing services or competing investment managers. This may have a material adverse effect on the Group's financial condition and financial results, for example by leading to a direct reduction in the level of the Group's AuMA and, as a result, lower fee income.

Any sustained period of actual or perceived underperformance across a range of the Group's funds or products, or by one of its larger funds or institutional asset management solutions, or asset pools relative to peers, benchmarks, objectives or internal targets, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation and its ability to continue to attract new customers and advisers.

**1.9 Failure by the Group to attract, retain and motivate the necessary personnel at all levels could have adverse effects on the Group's business, financial condition, results of operations and prospects**

The Group relies heavily on the quality of key talent and management in each of the regions and countries in which it operates. The success of its operations is dependent on, among other things, the ability to attract, retain and motivate highly qualified professional people. It is important that key fund managers and other individuals identified as having key talents and skills critical to the success of the business are engaged and retained and, where necessary, in the event of any unexpected departures, are replaced with the best available talent from either internal or external sources in a timely manner, which may require substantial expense and could therefore affect the Group's financial condition.

Competition for highly qualified professional people in most countries in which the Group operates is intense. The Group's ability to attract and retain key people and, in particular, directors and experienced investment managers and other specialists, is dependent on a number of factors, including prevailing market conditions, culture and working environment and compensation packages offered by companies competing for the same talent. In order to recruit and retain its principal managers and specialists, the Group must offer competitive compensation arrangements, the costs of which may be significant. The Group's various strategic initiatives, including those related to changes required as a result of the Group's Transformation Programme, have the potential to significantly disrupt the Group's people and business activities.

In connection with the Group's various strategic initiatives, it is, and will continue to be, necessary to ensure that the right people are recruited and retained in order to deliver the Group's transformational agenda. This will be made more difficult if the high demands placed on specialist and senior management resources lead to any unacceptable stretching of resources. See *"The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Group and may adversely impact the Group if these initiatives fail to meet their objectives"* above.

Furthermore, the Covid-19 pandemic and the adoption of a dispersed workforce, with the vast majority of employees working from home, has led to additional demands on these employees. The public perception of the Group and how it is perceived within the wider social media will have an influence on where people choose to work. Failure by the Group to adequately manage any of the foregoing risks could have an adverse impact on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation and its ability to attract the talent necessary for its business.

**1.10 Litigation, disputes and regulatory investigations may adversely affect the Group's business, financial condition, results of operations and prospects**

The Group is, and may in the future be, subject to legal actions, disputes and regulatory investigations in various contexts, including in the ordinary course of its insurance, investment management and other business operations. These legal actions, disputes and investigations may relate to aspects of the Group's businesses and operations that are specific to the Group, or that are common to companies that operate in the Group's markets, and this risk may be enhanced in circumstances where the Group is operating in new markets. Legal actions and disputes may arise under contracts, regulations (including in relation to tax) or from a course of conduct taken by the Group, and may be class actions.

Given the large or indeterminate amounts of damages sometimes sought by claimants, other sanctions that might be imposed and the inherent unpredictability of litigation and disputes, it is possible that an adverse outcome to any litigation, dispute or regulatory investigation could have an adverse effect on the Group's business, financial condition, results of operations and prospects.

**1.11 The failure to understand and respond effectively to the risks associated with environmental, social or governance ("ESG") factors could adversely affect the Group's achievement of its long term strategy**

The business environment in which the Group operates is continually changing. Sustainability is crucial to the Group's success and that of the companies in which the Group invests. A failure to address and embed consideration of sustainability within the Group's products, business and operating model could adversely impact on the Group's business. The Group's stakeholders increasingly expect that the Group consider a range of sustainability issues across a broad spectrum of themes. The Group uses an Environment, Social and Governance ("ESG") lens to identify, assess and manage risk, enabling it and others to benchmark the Group's success.

The Group considers ESG risk broadly in three dimensions:

1. ESG risk from '**inside out**', arising from how the business impacts on the planet and society as it seeks to create and drive value for the Group's customers;
2. ESG risk from '**outside-in**', arising from the impact of ESG factors on the Group and its business, ensuring the Group's 'real time' response aligns to its positioning on ESG; and
3. the Group's reputation, including its ability to meet a range of key stakeholder expectations on sustainability and ESG issues, whilst reinforcing its brand values of care and integrity.

A failure to manage those material risks which have ESG implications may adversely impact on the reputation of the Group, the results of its operations, its customer retention, and its ability to deliver on its long-term strategy and therefore its long-term success.

Diversity and Inclusion is a key ESG theme that the Group is focused on, emphasising the importance of a diverse workforce. Being a workplace ally, valuing people with different experiences from our own, and taking action to support colleagues plays an important role in making the Group a more inclusive place to work. Failure by the Group to recognise this could result not only result in negative media coverage, but in the ability for the Group to recruit and retain talent.

Climate change is one ESG theme that poses potentially significant long-term risks to the Group and its customers, not only from the physical impacts of climate change, driven by both specific short-term climate-related events such as natural disasters and longer-term impacts, but also from transition risks associated with the shift to a low carbon economy. As governments and policymakers take action to reduce greenhouse gas emissions and limit global warming, the transition to a low carbon economy could have an adverse impact on global investment asset valuations whilst at the same time presenting investment opportunities which the Group will need to monitor. In particular, there is a risk that this transition could result in some asset sectors facing significantly higher costs and a disorderly adjustment to their asset values. This could lead to an adverse impact on the value and the future performance of the investment assets of the Group. The potential broader economic impact from this may impact upon customer demand for the Group's products. Given that the Group's investment horizons are long term, it is exposed to the long-term impact of climate change risks. Additionally, the Group's stakeholders increasingly expect responsible investment principles to be adopted to demonstrate that ESG considerations (including climate change) are effectively integrated into investment decisions, fiduciary and stewardship duties and corporate values. Failure by the Group to have proper regard to ESG considerations in relation to its investment portfolios could lead to a loss of existing or potential customers and have an adverse effect on customer perceptions and, consequently, the Group's business, financial condition, results of operations and prospects.

### **1.12 Adverse experience relative to the assumptions used to price products and report business results could significantly affect the Group's results of operations and financial condition**

The Group needs to make assumptions about a number of factors in determining the pricing of its products, for setting reserves, and for reporting its capital levels and the results of its long-term business operations. For example, the assumption that the Group makes about future expected levels of longevity is particularly relevant for its UK annuity business, where payments are guaranteed for at least as long as the policyholder is alive, and potentially also while a dependant is alive. The Group conducts rigorous research into longevity risk, using industry data as well as its own substantial annuitant experience. As part of its pension annuity pricing and reserving policy, the Group's UK business assumes that current rates of longevity continuously improve over time at levels based on adjusted data and informed by models from the Continuous Mortality Investigation (CMI) as published by the Institute and Faculty of Actuaries. Although the Group has withdrawn from selling annuities in the UK open market, the assumptions it makes about longevity rates remain key to the measurement of its insurance risk, given its significant annuity portfolio. If longevity improvement rates significantly exceed the improvement assumed (e.g., following a step change in cancer diagnostics or Alzheimer's treatment), the Group's results of operations could be adversely affected, which could impact its results of operations and financial condition. The longer term implications of the Covid-19 pandemic for mortality rates amongst the annuitant population (beyond the heightened rates of mortality experienced in 2020 and 2021) are unknown at this stage, increasing uncertainty in relation to the Group's assumptions.

A further factor is the assumption that the Group makes about future expected levels of the rates of early termination of products by its customers (known as persistency). The Group's persistency assumptions reflect a combination of recent past experience for each relevant line of business and expert judgement, especially where a lack of relevant and credible experience data exists. Any expected change in future persistency is also reflected in the assumption. If actual levels of future persistency are significantly different than assumed, the Group's results of operations and financial condition could be adversely affected.

### **1.13 Breaches by the Group of investment mandates could lead to significant losses**

The Group is generally required to invest in accordance with specific investment mandates or objectives established for the particular portfolio or product (or in the case of segregated mandates, set by the customer or its adviser). If investments are made in breach of an investment mandate, including with regard to the use of benchmark indices, the Group could be required to unwind the relevant transactions, could suffer reputational and brand damage and would likely be liable for any losses suffered by an affected party in doing so. Such losses could be significant and exceed amounts recoverable under the Group's insurance policies, if any. The potential reputational and brand damage and the obligation to compensate for such losses could have a material adverse effect on the Group's business, financial condition, results of operations and prospects. See "*The Group is exposed to conduct risk which could lead to unanticipated financial penalties,*

*reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals" above.*

**1.14 The Group's business is dependent on the strength of its reputation across its brands and its corporate identity, which are vulnerable to stakeholder perception, including adverse market perception**

The Group operates in industries where integrity, trust and confidence are paramount. The Group's success and results are, to a certain extent, dependent on the strength of its reputation across its brands. While the Group and associated brands (including M&G Investments and Prudential in the UK) are well recognised, they are vulnerable to adverse market or customer perception. The Group is exposed to the risk that litigation, employee misconduct, operational failures, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential customer information, and inadequate services, among other factors, whether or not well founded, could result in the Group failing to meet its stakeholders' expectations, impacting its stakeholders' perceptions of the Group and its reputation. This risk is highlighted given the limited time that the Group has been an independent publicly listed company.

The Group's reputation could also be affected if it (or any intermediaries) recommends products or services that do not perform in line with customers' expectations (whether or not the expectations are well founded). Furthermore, as part of its diversified investment strategy, the Group invests in a broad range of asset classes, including shares in other companies as well as real estate and other alternative assets. There is a risk that any adverse market or customer perception of the companies or assets in which the Group invests could impact the Group's reputation.

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

**1.15 The Group's customers may withdraw assets under management at short notice**

The Group derives significant revenue from management and product fees, the quantum of which is based on the value of AuMA. A proportion of the Group's products permit investors or customers to reduce the aggregate amount of their investment with no, or only short periods of, notice, or to withdraw altogether from such portfolios, funds, products or contracts. If interest rates rise, stock markets decline or the Group's investment performance underperforms, the pace of redemptions and withdrawals could accelerate. A significant or systemic withdrawal of AuMA would result in lower management or product fees and therefore revenues and, depending on the extent of such withdrawals, could impact the Group's business, financial condition, results of operations and prospects.

Redemptions and withdrawals of investment or product assets may also be requested more quickly than assets can be sold to meet such redemptions and withdrawals. The Group may hold certain investments within investment portfolios or funds on behalf of customers that may lack liquidity (such as property and private debt). If significant cash resources are required at short notice in excess of expected cash requirements, it may



be difficult to sell illiquid investments held by the Group in a timely manner, or at all. Even in respect of more liquid investments, the Group is exposed to asset valuation uncertainty, arising due to the fact that a fair valuation of many assets can take a range of plausible values. Any such uncertainty, whether owing to illiquidity or valuation risk more generally, may lead to losses for the Group in the event of unanticipated customer withdrawals and/or redemptions.

In such circumstances, the Group may be forced to sell assets at significantly lower prices than the price at which they were initially recorded and/or suspend customer redemptions, which could adversely affect the Group's business, results of operations, financial condition, prospects and reputation. See also "*Increased illiquidity in the Group's investments may mean that assets are not readily realisable to meet policyholder and third party payments as they fall due*" below. Although the Group aims to maintain sufficient liquidity to meet customer redemptions, there have been examples in recent years for the Group and other asset managers where this has not always been possible. This is particularly the case during periods of economic or political uncertainty when customer redemption levels may be heightened and sustained and particularly also in respect of funds holding relatively illiquid assets such as property. In such cases, it may be (and has previously been) necessary or prudent for the Group temporarily to suspend trading in the affected fund or funds. Such temporary suspensions could impact the Group's reputation, business, financial condition, results of operations and prospects.

**1.16 Attempts by unauthorised parties (including external threat actors or malicious insiders) to disrupt or improperly access the Group's IT systems or data could result in reputational damage, regulatory action, financial loss or the need for customer redress, each of which could have material adverse effects on the Group's business, financial condition, results of operations and prospects**

The Group is increasingly exposed to the risk that individuals or groups may attempt to disrupt the availability, confidentiality, integrity and resilience of its IT systems, which could result in disruption to key operations, make it difficult to recover critical services, damage assets and compromise the integrity and security of data (both corporate and customer). This could result in loss of trust from the Group's customers, employees and other stakeholders, reputational damage and direct or indirect financial loss. The cyber-security threat continues to evolve globally in sophistication and potential significance. An impact of the Covid-19 pandemic has been a move to a dispersed workforce, working from home with cyber criminals endeavouring to exploit these new working methods and individuals' anxieties.

The Group therefore remains a potential target to cyber criminals as the online brand and presence increases, changes are made to working practices, and customers' demand to interact with their providers via the internet and social media, increases. There have been changes to the threat landscape and the risk from untargeted but sophisticated and automated attacks has increased. The Group and associated third parties have been, and likely will continue to be, exposed to attempts at unauthorised access and cyber-security attacks such as 'denial of service' attacks (which, for example, can cause temporary disruption to websites and IT networks), phishing and disruptive software

campaigns. The occurrence of any such attacks could adversely affect the Group's reputation, business, financial condition and results of operations.

The Group is continually enhancing its IT environment to improve its cyber security and operational resilience in order to remain secure against emerging threats and is continually upgrading its ability to detect system compromise and recover should such an incident occur. However, there remains a risk that such events will take place which may have material adverse consequential effects on the Group's business, financial condition, results of operations and prospects.

**1.17 The Group is rated by several rating agencies, and a decline in its financial strength or any credit ratings could significantly impact its competitive position and damage its relationships with creditors or trading counterparties**

The Group's financial strength and credit ratings, which are used by the market to measure its ability to meet policyholder and counterparty obligations, are important factors affecting public confidence in the Group's products, and as a result its competitiveness. Downgrades in the Group's ratings as a result of, for example, decreased profitability, increased costs, increased indebtedness or other concerns could have an adverse effect on its ability to market products, retain current policyholders, and on the Group's financial flexibility.

In addition, changes in methodologies and criteria used by rating agencies could result in downgrades that do not reflect changes in the general economic conditions or the Group's financial condition. The interest rates the Group pays on its current and future borrowings may also be affected by its credit ratings. These eventualities resulting from a decline in the Group's financial strength or credit ratings could adversely affect the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.

**1.18 The Group's debt service obligations and leverage could have adverse effects on the Group's business, financial condition, results of operations and prospects**

The Group has various ongoing debt service obligations, and is subject to customary covenants under the terms of its debt. On 27 March 2019, the Issuer entered into four unsecured revolving credit facilities with aggregate commitments of £1.5 billion (each a "Revolving Credit Facility" and, together, the "Revolving Credit Facilities"), which as at the date hereof are (and are expected to remain) undrawn. In addition, the Issuer has in issue Tier 2 subordinated notes with a nominal amount (translated into Pounds Sterling at the exchange rate prevailing as at 30 June 2021, where applicable) of £3,212 million.

The Issuer's debt obligations may increase the Group's vulnerability to adverse general economic or industry conditions that are beyond its control, and may place the Group at a competitive disadvantage compared to its competitors that may have less debt. Any increase in the level of the Group's indebtedness may also negatively impact its credit rating. See "*The Group is rated by several rating agencies, and a decline in its financial strength or any credit ratings could significantly impact its competitive position and damage its relationships with creditors or trading counterparties*" above. If the Issuer

utilises its Revolving Credit Facilities, increased interest rates could also increase the Group's debt interest costs, as these facilities have floating interest rates. A significant increase in the amount of interest payable by the Group could adversely affect the Group's business, financial condition, results of operations and prospects.

**1.19 Inability of reinsurers or hedge counterparties of the Group to meet their obligations, or the unavailability of adequate reinsurance coverage, could have material adverse effects on the Group's business, financial condition, results of operations and prospects**

The Group transfers exposure to certain risks to others through reinsurance and hedging arrangements. When the Group obtains reinsurance or enters into a hedging arrangement, it remains primarily liable for the reinsured or hedged risks, regardless of whether the reinsurer or hedge counterparty meets its reinsurance or hedging obligations. Therefore, the inability or unwillingness of the Group's reinsurers or hedge counterparties to meet their financial obligations or disputes on, and defects in, reinsurance or hedging contract wording or processes, could materially affect the Group's business, financial condition, results of operations and prospects.

Even if a reinsurer or hedge counterparty has a good credit rating at the time the relevant reinsurance or hedging arrangement is entered into, such reinsurer or hedge counterparty may become less financially sound by the time it is called upon to pay amounts due. If a catastrophic event or any inability to meet financial obligations caused these counterparties to default, the Group's business profitability could be significantly affected to the extent that any collateral mechanism, if any such mechanism is in place, also fails.

Furthermore, market conditions beyond the Group's control determine the availability and cost of the reinsurance or hedging protection purchased. Due to the nature of the reinsurance market and the restricted range of reinsurers that have acceptable credit ratings, the Group is exposed to concentration risk with a small number of reinsurers. Accordingly, the Group may be forced to incur additional expenses for reinsurance or hedging or may not be able to obtain sufficient reinsurance or hedging on acceptable terms, or such reinsurance or hedging may prove inadequate to protect against losses, any of which could adversely affect the Group's business, financial condition, results of operations and prospects.

In particular, the Group has an exposure to Rothesay Life plc ("Rothesay Life") following the reinsurance of £12.2 billion of Solvency II liabilities (as at 31 December 2020) of PAC's shareholder-backed annuity portfolio (the "Annuity Portfolio") to Rothesay Life. This transaction was implemented by way of a collateralised reinsurance arrangement, which is expected to be followed by an insurance business transfer scheme (the "Scheme") under Part VII of FSMA for the majority of the reinsured business. On 16 August 2019, the High Court of England and Wales (the "High Court") declined to sanction the Scheme, despite the independent expert, who was appointed to report to the High Court, concluding that the transfer would have no material adverse effect on the security of benefits or the reasonable benefit expectations of PAC's policyholders. PAC and Rothesay Life have successfully appealed that decision in the Court of Appeal. A further sanction hearing is expected to commence in the High Court on 8 November 2021 to

decide if the transfer should proceed. While the High Court's judgment has no direct impact on the reinsurance with Rothesay Life and is not expected to have any material impact on the financial position or prospects of the Group, the Group's exposure to Rothesay Life will continue until the Scheme is approved.

**1.20 As a holding company, the Issuer is dependent upon its subsidiaries to cover operating expenses, dividend payments and debt obligations**

The Group's insurance and investment management operations are conducted through direct and indirect subsidiaries of the Issuer, which are subject to the risks discussed elsewhere in this "*Risk Factors*" section.

As a holding company, the Issuer's principal sources of funds are remittances from subsidiaries, shareholder-backed funds, the shareholder transfer from long-term funds and any amounts that may be raised through the issuance of equity, debt and commercial paper.

Certain of the Issuer's subsidiaries are or may become subject to applicable insurance, foreign exchange and tax laws, rules and regulations and other arrangements that can limit their ability to make remittances and/or require the Issuer to make capital or liquidity available to those subsidiaries. In some circumstances, this could limit the Issuer's ability to make available funds held in certain subsidiaries to cover operating expenses of other members of the Group or, in the long term, to satisfy its debt obligations. A material change in the financial condition any of its subsidiaries may have a material effect on the results of operations and financial condition of the Issuer.

**1.21 The Group's risk management policies and procedures may not adequately identify or anticipate all risks facing its businesses, which may result in the Group being exposed to unforeseen financial impacts or reputational damage**

Management of risk requires, among other things, policies and procedures to anticipate, identify, assess, manage, control and report effectively on risks. Some risk exposures are quantified using mathematical models which are calibrated using a combination of historical data and expert judgement. As a result, these methods may not fully predict future exposures, which can be significantly greater than historical measures indicate, particularly in unusual markets and environments. Other risk management methods depend upon the evaluation of information, regarding markets, customers, catastrophe occurrence or other matters that are, or will be, accessible to the Group. In respect of known risks, this information may not always be accurate, complete, up to date or properly evaluated and, in respect of unknown risks, no information may be available at all. Although the Group makes use of forward-looking risk indicators and other risk management tools across its business where appropriate, it is not possible for these indicators to precisely predict future outcomes which may result in the Group being exposed to unforeseen financial impacts or reputational damage.

## **2. RISKS RELATING TO THE ISSUER'S INDUSTRY**

### **2.1 The Group's business is inherently subject to market fluctuations and general economic conditions, each of which may adversely affect the Group's business, financial condition, results of operations and prospects**

Uncertainty, fluctuations or negative trends in international economic and investment climates could have a material adverse effect on the Group's business and profitability and pose a material risk to the Group's results of operations and financial condition. The Group operates in a macroeconomic and global financial market environment that presents significant uncertainties and potential challenges. For example, government interest rates in the UK and other countries in which the Group operates remain low relative to historical levels and have been, in some cases, negative. The Covid-19 pandemic and the impact of the measures put in place by governments worldwide to control its spread could continue to give rise to significant uncertainty and volatility. New challenges related to market fluctuations and general economic conditions may also continue to emerge.

Global financial markets are subject to uncertainty and volatility created by a variety of factors. These factors include monetary policy in the UK and other jurisdictions together with its impact on the valuation of all asset classes and effect on interest rates, inflation expectations, concerns over sovereign debt, a general slowing in world growth, the increased level of geopolitical risk and policy-related uncertainty (including the imposition of trade barriers) and potentially negative socio-political events.

In general, upheavals in the financial markets may affect general levels of economic activity, employment and customer behaviour. As a result, insurers may experience an elevated incidence of claims, lapses, or surrenders of policies, and some policyholders may choose to defer or stop paying insurance premiums. The demand for new insurance products may also be adversely affected. Similarly, the majority of PruFund business is written without guarantees and, although smoothing mechanisms provide some protection for policyholders, larger market changes could give rise to more significant outflows. In addition, there may be a higher incidence of counterparty failures. This environment could have a negative impact on the insurance sector over time and may consequently have a negative impact on the Group's business, financial condition, results of operations and prospects.

Economic uncertainty and volatility may also have a material adverse effect on the Group's asset management business, which is affected by customer behaviour, adviser views on suitability of investments, the performance of capital markets and financial market sentiment. This environment could lead to significant AuMA outflows for asset managers and could have a negative impact on the asset management sector and may consequently have a negative impact on the Group's business and profitability. In addition, the Group invests directly in a broad range of asset classes and, as a result, its income is subject to the price volatility of global financial and currency markets. Any material adverse effect on these investments could reduce the value of the returns received by the Issuer.

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

## **2.2 Exposure to domestic and global political developments, including the UK's future relationship with the EU, and their impact on financial markets may have a material adverse effect on the Group's business, financial condition, results of operations and prospects**

Political change has the potential to impact the businesses of the Group directly through the introduction of new laws or regulations or indirectly by altering investor or customer sentiment.

Specific global political risks to which the Group is exposed include instability within Europe, the future relationship between the UK and the EU and shifts in the focus of some governments toward more protectionist or restrictive economic and trade policies, each of which could have an impact on the degree and nature of regulatory changes and the Group's competitive position in some geographic markets.

The UK's relationship with the EU will continue to be a relevant factor for the Group. Although the Trade and Cooperation Agreement (the "TCA") is now in place there is ongoing uncertainty over how it will function in practice and its medium to long term impact on the respective economies and markets. Due to the geographic location of the Group's businesses and customers, the Group has particular scope to be affected.

In particular, some or all of the following risks may materialise and may impact the Group's business, financial condition, results, operations and prospects:

- The UK's exit from the EU could over time result in significant changes to the legal and regulatory regimes under which the Group operates as each jurisdiction develops policy to meet its own objectives, independent of the other. This could lead to an increase in complexity and in costs as a result of operating in multiple regulatory jurisdictions under regimes that are increasingly divergent and that fail to secure the positive equivalence decisions that would allow the Group to apply a single set of rules.
- While the UK and the EU have made progress on a Memorandum of Understanding (the "MoU") on financial services, which would provide a basis for ongoing cooperation and thereby help to reduce the risk of unnecessary divergence, this has not yet been formally concluded and, even when signed, this MoU will place no binding restrictions on either the UK or the EU.
- Both the UK and the EU have publicly expressed their intentions to review their existing regulatory frameworks in many areas related to the Group's activities. The content of these reforms will take some time to become clear and will be subject to lengthy technical and political consultation and negotiation making the outcomes, whether positive or negative, difficult to determine in advance.

While the TCA concluded between the UK and the EU in December 2020 defines the parameters of the UK's relationship with the EU in certain key areas, a degree of uncertainty persists as to the nature and extent of the trading relationship between the UK and the EU in other areas, including as regards financial services. Due to the geographic location of the Group's businesses and customers, the Group has particular scope to be affected by this uncertainty.

The broader political and geopolitical landscape also has the potential to impact on the Group, given the breadth and scope of its activities. As governments reassess their economic and social policy priorities in the light of the Covid-19 pandemic, there is scope for significant and permanent changes in governments' approach to macro-economic policymaking, international openness, and their willingness to intervene in certain markets, to be made.

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

### **2.3 A decline in equity or property markets or an increase in volatility in equity or property markets may adversely affect the investment portfolio and profitability of the Group**

The Group is exposed to market risk arising from the valuation of the shareholders' proportion of the with-profits fund's future profits, which is, in turn, dependent on the value of the assets held therein (including equities and property).

The prices of the Group's holdings of equity and property investments can change depending on market conditions, such as those experienced in early 2020 as markets responded to the Covid-19 pandemic. Significant downturns and volatility in equity or property markets could have a material adverse effect on the Group's financial condition and financial results by impacting the investment portfolio, revenues and returns from insurance and fund management businesses.

Additionally, reduced investment returns arising on the Group's investment portfolios could reduce the Group's capital and impair its ability to write significant volumes of new business, increase the potential adverse impact of product guarantees, and/or have a material adverse effect on its financial condition, for example through a negative impact on its AuMA and profit.

### **2.4 A prolonged period of low interest rates and interest rate volatility may adversely affect the Group**

The Group is exposed to changes in the shape and level of yield curves and changes in the correlation of interest rates with different financial instruments (including debt obligations of the Group where these are determined or priced according to a floating interest rate). In particular, the Group is exposed to further falls in interest rates or a prolonged period of low or negative interest rates.

A material fall in interest rates may increase the Group's technical provisions and/or the amount of regulatory capital that the Group is required to hold due, in particular, to the impact on the Group's balance sheet risk margin and solvency capital requirements ("SCR"). In particular, interest rate risk arises from any mismatch between the asset and liability cashflows relating to its annuity obligations, the requirement to include a balance sheet risk margin under "Solvency II" (being the Solvency II Directive and the Solvency II Regulation, each as defined in the Conditions) and the interest rate sensitivity of product guarantees in relation to the with-profits business. See *"The Group's business is inherently subject to market fluctuations and general economic conditions, each of which may adversely affect the Group's business, financial condition, results of operations and prospects"* above and *"Market fluctuations could affect the levels of regulatory capital that the Group is required to hold, which could materially impact the Group's results and, in extreme circumstances, lead to enforcement action being taken against the Group"* below.

The Group's investment portfolios contain instruments which are sensitive to interest rates, such as fixed income securities, and which may be adversely affected by changes in interest rates. A decline in interest rates, or a prolonged low or negative interest rate environment, may cause borrowers to prepay or redeem fixed income securities, commercial mortgages and mortgage-backed securities in the Group's investment portfolio with greater frequency in order to capitalise on lower rates. This could force the Group to reinvest proceeds from investments which have matured or been prepaid or sold at lower yields, reducing the Group's investment margin, which may materially affect its results of operations.

The Group also remains exposed to the risk that changes in interest rates will negatively impact the difference between the amounts required to be paid under annuity contracts and the rate of return the Group is able to earn on investments intended to support its obligations under those contracts (being the "spread"). Although the Group has withdrawn from selling annuities in the UK open market, this area remains a material risk and may affect the Group's results of operations.

Additionally, a significant part of the profit from the Group's insurance operations is related to bonuses for policyholders declared on with-profits products, which are broadly based on historical and current rates of return on equity, real estate and fixed income securities, as well as the Group's expectations of future investment returns. This profit could be lower in a sustained low interest rate environment, which could, in turn, adversely affect the Group's business, financial condition, results of operations and prospects.

## **2.5 The Group is subject to the risk of exchange rate fluctuations as portfolios managed by the Group include a range of assets that are denominated in foreign currencies**

Certain parts of the Group operate internationally and are exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies, including euros and US dollars. Customer portfolios managed by the Group include a range of assets that are denominated in foreign currencies, including foreign equities and bonds. The effect of exchange rate fluctuations on these assets could lead to significant



fluctuations in the amount of fee income generated or the shareholder transfers from the with-profits fund. In the short to medium term, volatility of financial markets may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## **2.6 Credit risk and counterparty risk could have adverse effects on the Group's business, financial condition, results of operations and prospects**

The potential for a reduction in the value of investments which is driven by the market's perception of the likelihood of defaults of investment and other counterparties, or "credit risk", is a material financial risk for the Group. As a type of credit risk, counterparty risk (or the risk of a counterparty to a contract being unable to meet its obligations) may also have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is exposed to credit risk and counterparty risk throughout its business, through its investments, including those in fixed income assets (which provide cashflow needed to match policyholder payments), exposures through derivatives and reinsurance contracts, as well as in placing cash deposits at certain banks. The Covid-19 pandemic and the impact of the measures put in place by governments worldwide to control its spread could give rise to a material and persistent deterioration in credit conditions. See *"Inability of reinsurers or hedge counterparties of the Group to meet their obligations, or the unavailability of adequate reinsurance coverage, could have material adverse effects on the Group's business, financial condition, results of operations and prospects"* above.

The risks in these assets and exposures may be borne by the Group, by the policyholders whose policies the relevant assets back, or a mixture of the two. A counterparty default could create an immediate loss or a reduction in future profits, depending on where the loss occurred in the business. Such losses could have a material adverse effect on the results of operations and financial condition of the Group.

## **2.7 A widening in credit spreads may adversely affect the profitability of the Group**

Widening credit spreads may reduce the value of the Group's investment portfolio, which could impact the Group's profitability in several ways.

Profits from fees on unit-linked funds and other third party assets invested in corporate bonds would fall when spreads widen. Other areas where widening credit spreads could impact the Group's profitability are the valuation and matching of annuity and other long-term liabilities.

In addition, market volatility can make it difficult to value securities if trading becomes less frequent. Accordingly, valuations of investments may include assumptions or estimates that may have significant period-to-period changes due to market conditions, which could have a material adverse effect on the Group's profitability and financial condition.

## **2.8 The Group is subject to the risk of potential sovereign debt credit deterioration owing to the amounts of sovereign debt obligations held in its investment portfolio**

Investing in sovereign debt creates exposure to the direct or indirect consequences of political, social or economic changes (including changes in governments, heads of state or monarchs) in the countries in which the issuers are located and the creditworthiness of the sovereign. Investment in sovereign debt obligations involves risks not present in debt obligations of corporate issuers. In addition, the issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to repay principal or pay interest when due in accordance with the terms of such debt, and the Group may have limited recourse to compel payment in the event of a default. A sovereign debtor's willingness or ability to repay principal and to pay interest in a timely manner may be affected by, among other factors, its cashflow situation, its relations with its central bank, the extent of its foreign currency reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the sovereign debtor's policy toward local and international lenders, and the political constraints to which the sovereign debtor may be subject.

Moreover, governments may use a variety of techniques, such as intervention by their central banks or imposition of regulatory controls or taxes, to devalue their currencies' exchange rates, or may adopt monetary and other policies (including to manage their debt burdens) that have a similar effect, all of which could adversely impact the value of an investment in sovereign debt even in the absence of a technical default. Periods of economic uncertainty may affect the volatility of market prices of sovereign debt to a greater extent than the volatility inherent in debt obligations of other types of issuers.

In addition, if a sovereign default or other such event described above were to occur, other financial institutions may also suffer losses or experience solvency or other concerns, and the Group might face additional risks relating to any debt held issued by financial institutions held in its investment portfolio or other contractual exposures to such financial institutions. There is also a risk that public perceptions about the stability and creditworthiness of financial institutions and the financial sector generally might be adversely affected, as might counterparty relationships between financial institutions. If a sovereign were to default on its obligations, or adopted policies that devalued or otherwise altered the currencies in which its obligations were denominated, this could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## **2.9 Price and earnings inflation may adversely impact the Group's business, financial condition, results of operations and prospects**

A significant proportion of the Group's cost base is fixed (including the large portion of operational costs associated with staffing) and, as such, the Group's profitability is geared to market performance, which may be adversely impacted by an inflationary environment. If such costs are not controlled, the financial condition of the Group may be impacted. In addition, significant increases in inflation could impact the Group's unit costs in other ways and potentially impact profitability and financial and capital position, which could have a

material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is also subject to inflation risk through its holdings of fixed interest and other investments and as a result of the potential for the cost of claims and expenses to rise faster than anticipated in the Group's pricing or reserving.

**2.10 Increased illiquidity in the Group's investments may mean that assets are not readily realisable to meet policyholder payments as they fall due**

As part of its diversified investment strategy, the Group invests in a broad range of asset classes and may from time to time hold certain investments that lack liquidity, such as real estate and privately placed fixed-maturity securities. This exposes the Group to liquidity risk arising from the need to have sufficient liquid assets to meet policyholder payments as they fall due.

If the illiquidity of the Group's investments increases and/or significant resources are required at short notice in excess of expected policyholder requirements, it may be difficult to sell illiquid investments held by the Group in a timely manner, or at all. In such circumstances, the Group may be forced to sell assets at significantly lower prices than the price at which they were initially recorded. If the Group is forced to sell assets at significantly lower prices than the price at which they were initially recorded and/or suspend policyholder payments, this could adversely affect the Group's reputation and, consequently, its business, financial condition, results of operations and prospects.

**2.11 Market fluctuations could affect the levels of regulatory capital that the Group is required to hold, which could materially impact the Group's results and, in extreme circumstances, lead to enforcement action being taken against the Group**

The Group is subject to group supervision by the PRA under the UK Solvency II prudential regime and as such is required to hold eligible Own Funds in excess of the group SCR, which is calculated by reference to the key risks faced by the Group. Individual entities within the Group are also subject to local regulatory capital requirements depending on the type of operation. Insurance subsidiaries of the Group are subject to solo supervision under the UK or EU Solvency II regimes and are required to comply with solo capital requirements under those regimes. Other regulated entities within the Group, such as those carrying out asset management operations or investment operations are regulated by the FCA or regulated in non-UK jurisdictions and are required to hold regulatory capital on a solo basis in accordance with FCA or local regulatory capital requirements.

The Group's business is inherently subject to market fluctuations and general economic conditions. Fluctuations in the financial markets, particularly in interest rates, could potentially adversely affect the financial condition of the Group which could, in turn, have an adverse impact on its regulatory capital position, increase the regulatory capital requirements to which it is subject or otherwise affect its ability to meet its regulatory capital requirements. In addition, adverse economic conditions could influence the counterparty credit risks to which the Group is subject which could, in turn, increase the regulatory capital requirements to which the Group is subject. See "*Credit risk and*

*counterparty risk could have adverse effects on the Group's business, financial condition, results of operations and prospects" above.*

Failure to meet applicable capital requirements could lead to regulatory enforcement action being taken against the Group by the PRA, FCA or another regulator. A potential result of any such action may be that the Group is required to restore its regulatory capital to acceptable levels which could materially impact the Group's results. See "*The Group conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations and any accounting standards in the markets in which it operates*" and "*The Group is subject to regulation and regulatory risks associated with its operation in the insurance sector*" below.

### **3. RISKS RELATING TO REGULATION AND LEGISLATION**

#### **3.1 The Group conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the markets in which it operates**

Changes in government policy, legislation (including in relation to tax), regulation, regulatory interpretation and capital control measures on companies and individuals may adversely affect the Group. Decisions taken by regulators in connection with their supervision of members of the Group (which in some circumstances may be applied retrospectively) may also adversely affect the Group. Any such changes or decisions affecting the Group's third party contractors, suppliers, agents and service providers may also adversely affect the Group.

Such changes or decisions may affect the Group's product range, distribution channels, handling and usage of data, competitiveness, reputation, profitability, capital requirements, investments, risk management approaches, corporate or governance structure and, consequently, reported results, financing requirements and the financial condition of the Group. Also, regulators in jurisdictions in which the Group operates may impose requirements affecting the allocation of capital and liquidity between different business segments of the Group, whether on a geographic, legal entity, product line or other basis. Regulators may change the level of capital required to be held by individual businesses, the regulation of selling practices and solvency requirements, and could introduce changes that impact the products sold. Furthermore, as a result of interventions by governments in light of financial and global economic conditions, there may continue to be changes in government regulation and supervision of the financial services industry, including the possibility of higher capital requirements, restrictions on certain types of transactions and enhanced supervisory powers. Any of the foregoing, individually or together, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.

A determination that the Group or any third party distributor or joint venture partner has failed to comply with applicable law or regulation could lead to regulatory action against the Group. This could in turn result in the suspension or revocation of regulatory authorisations, permissions or approvals, financial penalties, adverse publicity for, or

negative perceptions regarding, the Group, or have a negative effect on its relationship with current and prospective customers. Regulatory action could also result in regulators subjecting the Group to closer scrutiny than would otherwise be the case, which in turn may result in higher costs, sanctions or fees for the Group. This could have a material adverse effect on the business, financial results and financial condition of the Group and divert management's attention from the day-to-day management of its business.

### **3.2 The Group is subject to regulation and regulatory risks associated with its operation in the insurance sector**

The Group is subject to the consolidated supervision of the PRA under the UK Solvency II regime. PAC and Prudential Pensions Limited ("PPL") are also subject to regulation on a solo basis under the UK Solvency II regime and Prudential International Assurance plc ("PIA") is subject to regulation on a solo basis under Irish rules and legislation implementing the EU Solvency II regime. The UK Solvency II regime was originally introduced to implement the EU Solvency II Directive (2009/138/EC) (the "Solvency II Directive"), and now comprises rules and legislation originally introduced to implement the Solvency II Directive as well as formerly directly applicable EU legislation that now form part of UK domestic law by virtue of the EUWA.

HM Treasury announced in June 2020 that it would review certain features of the UK Solvency II regime to ensure that it is properly tailored to the UK insurance sector following the UK's withdrawal from the EU. HM Treasury published a Call for Evidence in October 2020 to seek views on how this could be achieved and this has been followed, in June 2021, with the PRA announcing a Review of Solvency II Quantitative Impact Study (QIS) to assist in the analysis of potential reform options. In the context of these developments, it is likely that UK regulatory policy will further evolve under the UK Solvency II regime. This may affect the regulatory requirements that apply to the Group, including in respect of regulatory capital, which may in turn have a material effect on the business of the Group.

In October 2019, the Group received approval from the PRA to apply an internal model to its calculation of the Group's SCR under Solvency II. Changes may in future be required to the Group's approved internal model, and/or to other regulatory approvals or waivers granted to regulated entities within the Group. Such changes, or any delay or failure to obtain approval for such changes, could have a material impact on the Group's capital position, which may in turn have a material effect on the business of the Group.

The PRA confirmed in May 2020 that the Group is not an Internationally Active Insurance Group ("IAIG") as it does not meet the relevant criteria. Consequently, the Holistic Framework, which the International Association of Insurance Supervisors adopted on 14 November 2019, does not currently apply to the Group. If the Group is designated as an IAIG in the future, it could become subject to enhanced capital and other regulatory requirements, which could have an adverse effect on the business of the Group.

The FSB decided to suspend the identification of global systemically important insurers ("G-SIIs") from January 2020. It will then decide whether to discontinue or re-establish the G-SII identification in November 2022. If the FSB resumes the identification of G-SIIs

in the future, and the Group is designated as a G-SII, the Group could become subject to enhanced capital and other regulatory requirements, which could have an adverse effect on the business of the Group.

### **3.3 The Group is also exposed to other external developments and associated regulatory risks, including changes in laws, regulations and policies which could have an adverse effect on the business of the Group**

Currently there are also a number of other global external developments which could impact the Group's businesses in the many jurisdictions in which it operates. In particular, in the UK, there may be further changes to UK law, regulation and supervisory competencies following the end of the transition period relating to the UK's withdrawal from the EU on 31 December 2020, which may lead to significant changes to the UK legal and regulatory framework that applies to the Group. It is also possible that deficiencies in the domestication of EU law and regulation, or changes in the approach of UK regulators to the enforcement of domesticated law and regulation, could expose the Group to risk and uncertainty, and may have an adverse effect on the business of the Group. Any decision by the relevant authorities in the UK or EU relating to the "equivalence" (or otherwise) of the other's law and regulation may also have an adverse effect on the business of the Group, as may any areas of divergence between EU and UK law and regulation. The potential impact of these developments on the business of the Group cannot be fully quantified.

There has in recent years been an increased focus in the UK and EU on the fair treatment of customers, and in particular on the way in which the insurance industry and fund management industry sells and administers insurance policies, interests in investment funds and other products or services, including investment advice. There is a risk that these regimes, and in particular any divergence in EU and UK approaches, could restrict the Group's ability to distribute its products within the UK and/or EU, and could result in additional distribution and compliance costs, which could have a material adverse effect on its financial results, operations and costs or otherwise negatively impact its distribution arrangements.

Regulators in both the UK and EU have in recent years placed additional emphasis on ESG issues, climate change and green finance. Regulators are working on various initiatives to create consistent methodologies and make disclosures relating to sustainable investments and sustainability risks clearer. There is a risk that these regimes, and in particular any divergence in EU and UK approaches, could result in additional distribution and compliance costs, which could have a material adverse effect on the Group's financial results, operations and costs or otherwise negatively impact its distribution arrangements.

More generally, conduct risk also remains the subject of close regulatory scrutiny across the UK financial services industry. There is an industry-wide risk that conduct-related issues could result in unexpected costs or losses for the Group.

On 27 July 2017, the FCA announced its intention to no longer persuade, or use its powers to compel, panel banks to submit rates for the calculation of the London Inter-

bank Offered Rate (“LIBOR”) after 2021. The discontinuation of LIBOR and other interbank offered rates in their current form and their expected replacement with alternative benchmark rates (such as the Sterling Overnight Index Average benchmark (“SONIA”) that is expected to replace Sterling LIBOR in the UK) in the UK and other countries could, among other things, impact the Group through an adverse effect on the value of the Group’s assets and liabilities which are linked to or which reference those rates, a reduction in market liquidity during any period of transition and increased costs and legal and conduct risks to the Group arising from changes required to documentation and its related obligations to its stakeholders.

Various jurisdictions in which the Group operates have created investor compensation schemes that require mandatory contributions from market participants in some instances in the event of a failure of a market participant. Circumstances could arise in which the Group, along with other groups or companies, may be required to make such contributions, which could have an adverse effect on the business, results of operations and financial condition of the Group.

Actions taken by governments, central banks and/or supervisory authorities in response to the Covid-19 pandemic could potentially impact the Group’s business, including by limiting the flexibility of the Group in relation to solvency, capital, liquidity, asset management and business strategy.

In February 2018, the FCA initiated a review into non-workplace pensions, publishing its findings in July 2019. Non-workplace pensions is an umbrella term for three main products: Individual Personal Pensions; Stakeholder Personal Pensions; and Self-invested Personal Pensions. The review probed the extent to which information asymmetry and/or customer inertia has led to poor value for money and poor outcomes for customers. Potential remedies proposed by the FCA following the review include measures to promote change, transparency, reduce charge complexity and expose charges to external scrutiny. There remains uncertainty over if and how such measures will be enacted. If these or other remedial measures are adopted, they could impact the Group’s charges to customers and as a result adversely impact the Group’s trading and financial performance.

In May 2021, the FCA launched a consultation, CP21/13: A new Consumer Duty, on changes to its handbook of rules and guidance to set a higher level of protection for consumers in retail financial markets. The proposals involve the formulation of a new ‘Customer Duty’ that would impose greater expectations on firms as regards consumer outcomes. Any new rules and guidance would be expected to come into force in mid-2022. These rules and guidance could result in additional distribution and compliance costs, which could have a material adverse effect on the Group’s financial results, operations and costs.

**3.4 The resolution of several issues affecting the financial services industry could have a negative impact on the Group's business, financial condition, results of operations and prospects or on its relations with current and potential customers**

The Group is, and in the future may be, subject to legal and regulatory actions in the ordinary course of its business, both in the UK and internationally, on matters relevant to the delivery of customer outcomes. Such actions may relate to the application of current regulations such as the FCA principles and conduct of business rules or the failure to implement new regulations. In the UK, any such issues or disputes arising in relation to private individuals are typically resolved by the Financial Ombudsman Service (the "FOS") or by litigation. The regulator may intervene directly, however, where larger groups or matters of public policy are concerned. These interventions could involve a review of types of business sold under past market practices, such as the requirement in the UK to provide redress to certain past purchasers of pensions and mortgage endowment policies, changes to the tax regime affecting products, and regulatory reviews of products sold and industry practices, including, in the latter case, lines of business it has closed. See "*The Group is exposed to conduct risk which could lead to unanticipated financial penalties, reputational damage and, in the case of regulatory enforcement action, the suspension or revocation of regulatory permissions, licences or approvals*" above.

Regulators may also focus on the approach that product providers use to select third-party distributors and to monitor the appropriateness of sales made by them. These interventions could involve a review of types of business sold under past market practices, changes to the tax regime affecting products, and regulatory reviews of products sold and industry practices, including, in the latter case, lines of business it has closed. Such interventions can, in turn, lead to enforcement action being taken against the firms concerned, or the implementation of consumer redress programmes, such as the requirement in the UK to provide redress to certain past purchasers of pensions and mortgage endowment policies. Any regulatory action arising out of the Group's position as a product provider could have an adverse impact on the Group's business, financial condition, results of operations and prospects, or otherwise harm its reputation.

**3.5 The Group may fail to detect or prevent money laundering and other financial crime activities if financial crime risks are not correctly identified or if effective controls to mitigate such risks are not implemented, which could expose the Group to heavy fines, additional regulatory scrutiny and reputational harm**

The Group is required to comply with applicable anti-money laundering ("AML"), anti-terrorism, sanctions, anti-bribery and corruption ("ABC"), insider dealing, fraud and tax evasion laws and regulations in the jurisdictions in which they operate, and has standards, policies and procedures in place to ensure that it does so. These laws and regulations require the Group, among other things, to conduct customer due diligence, sanctions and politically-exposed person screening, transaction monitoring, keep customer and supplier account and transaction information up to date and implement effective financial crime policies, standards and procedures.



Financial crime has become the subject of enhanced regulatory scrutiny and supervision by regulators globally and, as such, regulations are increasingly complex and detailed and have become the subject of enhanced regulatory supervision, requiring improved systems, sophisticated monitoring and skilled compliance personnel.

Financial crime is continually evolving and the expectations of regulators on firms are increasing, with regulatory focus expected to continue following the increase in both the volume and the sophistication of financial crime and fraud activity, which became increasingly prevalent across the financial services sector during the Covid-19 pandemic. This requires similarly proactive and adaptable responses from the Group so that it is able to effectively deter threats and criminality. Even known threats can never be fully eliminated, and there will be instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. In addition, the Group also relies on its employees, partners, agents and external administrators to identify and report such activities. There is a risk that they will fail to do so or otherwise fail to comply with or implement the Group's policies and procedures relating to financial crime.

Where the Group is unable to comply with applicable laws, regulations and expectations, regulators and relevant law enforcement agencies have the ability and authority to impose significant fines and other penalties, including requiring a complete review of business systems, day-to-day supervision by external consultants and ultimately the revocation of regulatory authorisations and licences. The Group's financial position and reputation could suffer if it was found to have breached financial crime requirements or was unable to protect customers or prevent the business from being used by criminals for illegal or improper purposes.

While the Group has implemented comprehensive standards, policies and procedures designed to comply with financial crime requirements, there remains a risk that such standards, policies and procedures are insufficient to prevent situations of financial crime, money laundering, bribery, fraud or corruption, including actions by the Group's employees, for which the Group might be held responsible. Any such event may have severe consequences, including sanctions, fines and reputational consequences, which could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

### **3.6 The Group is subject to regulation regarding the use of personal data**

The Group is subject to laws and regulations regarding the use of personal data in the jurisdictions in which the Group operates. The Group collects and processes personal data from its customers, third party claimants, business contacts and employees as part of the operation of its business, and therefore it must comply in all material respects with all relevant data protection and privacy laws and regulations. Those laws and regulations generally impose certain requirements on the Group in respect of the collection, use, storage, retention, confidentiality, integrity and accessibility of such personal information. Notwithstanding its efforts, the Group is exposed to the risk that this data could be wrongfully appropriated, lost, disclosed, retained, stolen or processed in breach of data protection and privacy laws and regulations. In addition, the Group may not have the appropriate controls in place today and may in future fail to ensure such controls are

current and keep pace with the growing threat. See also *“The Group has a high dependency on technology solutions to operating effectively and to meet the growing digital needs of its business, customers and clients, the failure of which could disrupt the Group’s business functions and have a negative impact on its business, financial condition, results of operations and prospects”* above. Failure to operate effective data collection controls could potentially lead to regulatory censure, fines, reputational and financial costs as well as result in potential inaccurate rating of policies or overpayment of claims.

The GDPR introduced the potential for significant new levels of fines for non-compliance based on turnover. The Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR’s requirements in all material respects, to the extent that they are applicable, and it may be required to expend significant capital or other resources and/or modify its operations to meet such requirements, any or a combination of which could have a material adverse effect on the Group’s business, financial condition and financial results, or otherwise harm its reputation.

### **3.7 Changes in accounting standards in the markets in which the Group operates may impact the Group’s profit recognition and profitability**

The Group’s accounts are prepared in accordance with current IFRS applicable to the insurance industry.

The International Accounting Standards Board (“IASB”) introduced a framework under standard IFRS 4 which permits insurers to continue to use the statutory basis of accounting for insurance assets and liabilities that existed in their jurisdictions prior to January 2005. In May 2017, the IASB issued IFRS 17: Insurance Contracts (“IFRS 17”) to replace the existing interim standard, IFRS 4 Insurance Contracts. The standard initially applied to annual periods beginning on or after 1 January 2021, subsequently, the IASB issued an exposure draft in June 2019 that proposed to delay the effective date to 1 January 2022. Thereafter, in March 2020, IASB decided to further delay the effective date further to 1 January 2023, which was duly affected through an amendment in the standard in June 2020. Adoption of IFRS 17 by UK companies will be subject to endorsement of the standard by the UK Endorsement Board. The Group has an ongoing project to implement IFRS 17 which is continuing to review the complex requirements of this standard and consider its potential impact. The effect of changes required to the Group’s accounting policies as a result of implementing the new standard is currently under consideration, but these changes can be expected to, amongst other things, alter the timing of IFRS profit recognition and lead to significant changes to the presentation and disclosure in the consolidated financial statements. Given the implementation of this standard is likely to require significant enhancements to IT, actuarial and finance systems of the Group, it will also have an impact on the Group’s expenses.

Any changes or modification of IFRS accounting policies, including those described above, may require a change in the way in which future results will be determined and/or a retrospective adjustment of reported results to ensure consistency.

**3.8 Changes in tax legislation may impact the demand for the Group's products or otherwise may result in adverse tax consequences for the Group's business, financial condition, results of operations and prospects**

Tax rules, including those relating to the insurance industry, and their interpretation may change, possibly with retrospective effect, in any of the jurisdictions in which the Group operates. Significant tax disputes with tax authorities, and any change in the tax status of any member of the Group or in taxation legislation or its scope or interpretation could affect the Group's business, financial condition, results of operations and prospects.

**4. RISKS RELATING TO THE NOTES - RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

**4.1 If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return**

An optional or early redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. If the Issuer elects to redeem Notes, an investor may 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.

In respect of Tier 2 Notes, if such Notes are redeemed at the Issuer's option, such Notes shall be redeemed on any Optional Redemption Date at their Optional Redemption Amount together with any accrued interest to the Redemption Date and the aggregate amount of any Arrears of Interest.

Early redemption of the Notes will also be permitted for taxation reasons as described in the relevant Terms and Conditions of the Notes. In addition, early redemption of Tier 2 Notes will be permitted for regulatory reasons or following a Rating Event, each as described in the Terms and Conditions of the Tier 2 Notes.

In respect of Tier 2 Notes, if such Notes are redeemed (i) upon the occurrence of a Par Tax Event or a Rating Event at any time or a Regulatory Event on or after the Optional Redemption Date, the Notes may be redeemed at the outstanding principal amount of the Notes, (ii) upon the occurrence of a Regulatory Event prior to the Optional Redemption Date, the Notes may be redeemed at the outstanding principal amount of the Notes or at their Make Whole Redemption Price, as specified in the applicable Final Terms, or (iii) upon the occurrence of an Other Tax Event, the Notes may be redeemed on or after the Optional Redemption Date at the outstanding principal amount of the Notes or at their Make Whole Redemption Price, as specified in the applicable Final Terms,

together, in each case, with accrued interest to the Redemption Date and the aggregate amount of any Arrears of Interest.

In the case of Tier 2 Notes in respect of which the Tax Event Redemption, Tax Event Redemption and Refinancing Option, Regulatory Event Redemption and Regulatory Event Refinancing Option is specified in the applicable Final Terms, the Issuer may, at any time upon the occurrence of a Tax Event or Regulatory Event (as applicable), also substitute the Notes, in whole but not in part, for or vary their terms and conditions and/or the terms of the Trust Deed such that they are treated as an issue of Qualifying Tier 2 Capital in accordance with the procedures specified in Condition 14.4 and Condition 14.6 of the Terms and Conditions of the Tier 2 Notes, respectively. See further the risk factor entitled "*The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Holders and without regard to the individual interests of particular Holders*" below.

Investors should note that Notes issued which are not eligible to qualify as Tier 2 Own Funds or Tier 2 Capital and/or are issued with terms which do not comply with the applicable rules relating to Solvency II may be immediately subject to the applicable redemption, variation or substitution rights of the Issuer, as specified in the applicable Final Terms. There is no requirement that such event(s) may only arise as a result of a change in law after the date on which agreement is reached to issue the Notes. The amount payable to investors on redemption of the Notes in such circumstances will be set out in the applicable Final Terms and may not be fully compensatory.

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

#### **4.2 Undated Notes have no scheduled maturity and Noteholders have only a limited ability to exit their investment in such Notes**

Undated Notes are issued with no scheduled maturity date. The Issuer is under no obligation to redeem such Notes and the Holders have no right to call for their redemption (save as permitted pursuant to the applicable Final Terms, if at all).

Therefore, Holders have no ability to exit their investment, except (i) in the event of the Issuer exercising its right to redeem the Notes in accordance with the Conditions, (ii) by selling their Notes or (iii) upon a winding-up of the Issuer, in which limited circumstances the Noteholders may receive some of any resulting liquidation proceeds following payment being made in full to all senior and more senior subordinated creditors. The proceeds, if any, realised as a result of any of the actions described in (i) to (iii) may be substantially less than the principal amount of such Notes or the price paid by an investor for the Notes.

#### **4.3 The Issuer's obligations under Tier 2 Notes are subordinated**

The Issuer's obligations under Tier 2 Notes will be unsecured and subordinated and will rank junior in priority to the claims of more senior ranking creditors of the Issuer. Although

Tier 2 Notes may pay a higher rate of interest than comparable Notes which are not subordinated, there is a real risk that an investor in Tier 2 Notes will lose all or some of its investment should the Issuer become insolvent.

#### **4.4 Deferral of payments**

All payments on Tier 2 Notes, their respective Coupons or under the Trust Deed relating to them or arising therefrom (other than certain payments made to the Trustee in accordance with the Trust Deed) are conditional upon: (i) the Issuer satisfying the Solvency Condition both at the time of, and immediately after, any such payment; (ii) unless otherwise permitted by the PRA, both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of, and immediately after, any such payment; and (iii) unless otherwise permitted by the PRA, no Insolvent Insurer Winding-up being continuing at the time for such payment.

The Issuer may specify in the applicable Final Terms that the Tier 2 Notes are subject to Optional Interest Deferral or Capital Adequacy Condition Deferral.

In relation to Tier 2 Notes to which Optional Interest Deferral is specified in the Final Terms to apply, the Issuer may (save where the Dividend and Capital Restriction is specified to apply to the Tier 2 Notes, as further described below), by giving notice to the Trustee, the Issue and Paying Agent and the Holders of the Notes, elect to defer the payment of interest on any Interest Payment Date, provided that the Issuer may not give such notice if, at the time such notice is proposed to be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more. If a Regulatory Event has occurred and has been subsisting at such for a continuous period of 180 days or more at the time such notice is proposed to be given, the Issuer will not have the right to elect to defer interest on Tier 2 Notes to which Optional Interest Deferral is specified to apply (although the mandatory deferral requirements will continue to apply).

In relation to Tier 2 Notes to which Capital Adequacy Condition Deferral is specified in the Final Terms to apply, the Issuer may (save where the Dividend and Capital Restriction is specified in the Final Terms to apply to the Tier 2 Notes, as further described below) elect to defer the payment of interest on the Tier 2 Notes on any Interest Payment Date on which the Issuer determines at its sole discretion (by reference to the Issuer's then current financial condition) that the Capital Adequacy Condition will not be met both at the time of and immediately after making the relevant interest payment.

Any amounts of interest not paid on an Interest Payment Date for the reasons described above shall, so long as they remain unpaid, constitute Arrears of Interest. No interest will accrue on Arrears of Interest. At the option of the Issuer, but subject to satisfying the Solvency Condition, the Solvency Capital Requirement and the Minimum Capital Requirement at the time of such payment and immediately thereafter unless otherwise determined by the PRA, Arrears of Interest may be settled by the Issuer at any time and shall otherwise become payable in full on redemption of the Tier 2 Notes, on purchase of the Tier 2 Notes by or on behalf of the Issuer or upon commencement of the winding-up of the Issuer.

If “Dividend and Capital Restriction” is specified to apply to the Tier 2 Notes in the applicable Final Terms, the Issuer may not elect to defer the payment of interest on any Interest Payment Date which is a Compulsory Interest Payment Date (although the mandatory deferral requirements will continue to apply).

A “Compulsory Interest Payment Date” for this purpose means any Interest Payment Date on which: (i) the Issuer satisfies the Solvency Condition, both the Solvency Capital Requirement and the Minimum Capital Requirement are met, in each case, both at the time of, and immediately after, making the relevant interest payment; and (ii) the Issuer has, in the six calendar months immediately preceding such Interest Payment Date, declared or paid any dividend on any class of its share capital.

Any actual or perceived likelihood of deferral of any payment can be expected to have a material adverse effect on the market price of the Notes. Investors in the Notes may find it difficult to sell their Notes in such circumstances, or may only be able to sell their Notes at a price which may be significantly lower than the price at which they purchased their Notes. In such a sale, investors may lose some or substantially all of their investment in the Notes. In addition, as a result of the deferral provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other securities or instruments that do not permit or require deferral of payments, and may be more sensitive generally to adverse changes in the Issuer's financial condition.

See also the risk factor entitled “*Restricted remedy for non-payment*” below.

#### **4.5 Restricted remedy for non-payment**

In accordance with current eligibility requirements for Tier 2 own funds, the sole remedy against the Issuer available to the Trustee (on behalf of the Holders of Tier 2 Notes) or, where the Trustee has failed to proceed against the Issuer as provided in the Terms and Conditions of the Tier 2 Notes, any Holder of Tier 2 Notes for recovery of amounts owing in respect of such Notes and Coupons will be the institution of proceedings for the winding-up of the Issuer and/or proving in such winding-up and/or claiming in the liquidation of the Issuer for such amounts. In particular, a deferral of payments as described above shall not constitute a default under the Notes or the Conditions of the Tier 2 Notes for any purpose, including enforcement action against the Issuer.

See also the risk factor entitled “*Deferral of payments*” above.

#### **4.6 If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned**

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Holders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than

then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate.

In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate applicable to the Fixed/Floating Rate Notes may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

See also the risk factors entitled "*The value of Fixed Rate Notes may be adversely affected by movements in market interest rates*" and "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*" below.

**4.7 The interest rate on Reset Notes will reset on each Reset Date, which can be expected to affect the interest payment on an investment in Reset Notes and could affect the market value of Reset Notes**

Reset Notes will initially earn interest at the Initial Rate of Interest until (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date). On the first Reset Date, however, and on each subsequent Reset Date (if any) thereafter, the interest rate will be reset to the sum of the applicable Subsequent Reset Reference Rate and the applicable Reset Margin as determined by the Issue and Paying Agent on the relevant Reset Determination Date (each such interest rate, a "Subsequent Reset Rate"). The Subsequent Reset Rate for any Reset Period could be less than Initial Rate of Interest or the Subsequent Reset Rate for prior Reset Periods and could affect the market value of an investment in the Reset Notes.

See also the risk factor entitled "*The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*" below.

**4.8 The value of Fixed Rate Notes may be adversely affected by movements in market interest rates**

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

**4.9 Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates**

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

**4.10 The Issuer's obligation, if any, to pay additional amounts in respect of any deduction or withholding in respect of taxes imposed in the United Kingdom under**

**the terms of the Tier 2 Notes applies only to interest payments and not to payments of principal**

The Issuer would not be required to pay any additional amounts under the terms of the Tier 2 Notes to the extent any deduction or withholding in respect of taxes imposed in the United Kingdom applied to payments of principal thereunder. Accordingly, if any such deduction or withholding were to apply to any payments of principal under the Tier 2 Notes, Holders would receive less than the full amount that would otherwise be due to them under the Tier 2 Notes, and the market value of the Tier 2 Notes may be adversely affected as a result.

**4.11 Changes to Solvency II may increase the risk of deferral of payments of interest or principal or the occurrence of a Regulatory Event in relation to Tier 2 Notes**

The UK Solvency II regime may change, whether as a result of further changes to the rules and legislation underpinning that regime or changes to the way in which the PRA interprets and applies these requirements to the UK insurance industry. Any such changes, either individually and/or in aggregate, may lead to further unexpected requirements in relation to the calculation of the Issuer's or the Group's Solvency Capital Requirement or Minimum Capital Requirement, and such changes may make the Issuer's or the Group's capital adequacy requirements more onerous. Such changes may individually and/or in aggregate negatively affect the calculation of the Issuer's or the Group's Solvency Capital Requirement or Minimum Capital Requirement and thus increase the risk of deferral of payments of interest or principal, the occurrence of a Regulatory Event and subsequent redemption of the Notes by the Issuer. See also the risk factors entitled "*The Group is subject to regulation and regulatory risks associated with its operation in the insurance sector*" and "*If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return*" above and "*The value of the Notes could be adversely affected by a change in English law or administrative practice*" below.

**4.12 The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"**

Interest rates and indices which are deemed to be "benchmarks" (such as, in the case of Floating Rate Notes, an Original Reference Rate, or, in the case of Reset Notes, a Mid Swap Rate), are the subject of ongoing national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". For example, on 5 March, 2021, the FCA confirmed that all LIBOR settings will either cease to be provided by any administrator or no longer be representative: (i) immediately after 31 December, 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month U.S. dollar settings; and (ii) immediately after 30 June, 2023, in the case of all remaining U.S. dollar settings.



Regulation (EU) 2016/1011 (the “**EU Benchmarks Regulation**”) and the UK Benchmarks Regulation apply to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU or the UK (as applicable). Among other things, the EU Benchmarks Regulation and UK Benchmarks Regulation (i) require benchmark administrators to be authorised or registered in the EU or UK (as applicable) (or, if non-EU or non-UK based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU or UK supervised entities (as applicable) of “benchmarks” of administrators that are not authorised or registered (or, if non-EU or non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and the UK Benchmarks Regulation 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 or the UK Benchmarks Regulation. 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”.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements. Such factors may have (without limitation) the following effects on certain “benchmarks”: (i) discouraging market participants from continuing to administer or contribute to a “benchmark”; (ii) triggering changes in the rules or methodologies used in the “benchmark” and/or (iii) leading to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of national or international reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing or otherwise dependent (in whole or in part) upon a “benchmark”.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation, the UK Benchmarks Regulation and any of the international or national reforms in making any investment decision with respect to any Notes linked to or referencing a “benchmark”.

**4.13 Future unavailability, discontinuance or unrepresentativeness of certain benchmark rates (for example, EURIBOR) may adversely affect the value of and return on Floating Rate Notes and/or Reset Notes which are linked to or which reference any such benchmark rate**

The sustainability of EURIBOR has been questioned as a result of the absence of relevant active underlying markets and the possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system.

It is not possible to predict with certainty whether, and to what extent, benchmarks such as EURIBOR will continue to be supported going forwards. This may cause certain benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted. Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the reforms to the EU Benchmarks Regulation and the UK Benchmarks Regulation respectively in making any investment decision with respect to Floating Rate Notes and/or Reset Notes.

**4.14 The rate of interest on Floating Rate Notes and/or Reset Notes may fall be determined by applicable fallback provisions which may adversely affect the value of and return on such Floating Rate and/or Rest Notes**

Investors should be aware that if EURIBOR or any other referenced benchmark were, among other things, discontinued or otherwise unavailable, or were officially determined to have ceased to be representative, the rate of interest on Floating Rate Notes and Reset Notes which are linked to or which reference such benchmark will be determined for the relevant period by the fallback provisions applicable to such Notes. The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, such as EURIBOR (including any page on which such benchmark may be published (or any successor service)) becomes unavailable. These fallback arrangements may require or result in adjustments to the interest calculation provisions of the Terms and Conditions of the Notes. Even prior to the implementation of any changes to any benchmark, or to the interest calculation provisions based on such benchmark, uncertainty as to the nature of alternative reference rates and as to potential changes to such benchmark may adversely affect the operation of such benchmark during the term of the relevant Notes, as well as potentially adversely affecting both the return on any Notes which are linked to or which reference such benchmark and the trading market for such Notes.

In certain situations, including the relevant benchmark ceasing to be administered, where (i) in the case of Floating Rate Notes, Reference Rate Replacement is specified in the applicable Final Terms as being applicable and Screen Rate Determination is specified in the applicable Final Terms as the manner in which the rate of interest is to be determined or (ii) in the case of Reset Notes, Mid Swap Rate Replacement is specified in the relevant Final Terms as being applicable (in each case, any such Notes being “Relevant Notes”), the fallback arrangements referenced in the preceding paragraph will include the possibility that:

- (A) the relevant rate of interest (or, as applicable, a component thereof) could be set or, as the case may be, determined by reference to a successor rate or an alternative rate (as applicable) determined by an Independent Adviser or, if the Issuer is unable to appoint an Independent Adviser or the Independent Adviser appointed by the Issuer fails to make such determination, the Issuer; and
- (B) such successor rate or alternative rate (as applicable) will be adjusted by the relevant Independent Adviser or the Issuer (as applicable) (in the case of Floating Rate Notes) in order to follow a formal recommendation by a Relevant Nominating Body or, in the absence of such recommendation, customary practice in international debt capital markets transactions or over-the-counter derivatives transactions or (in the case of Reset Notes) in order to take account of any adjustment factor to make such rate comparable to rates quoted on the basis of the Mid Swap Rate being replaced (in each case, with such adjustment being positive, negative or zero),

in each such case, with the Independent Adviser or Issuer (as applicable) acting in good faith and in a commercially reasonable manner, as more fully described in the Terms and Conditions of the Notes.

No consent of the Holders shall be required in connection with effecting any successor rate or alternative rate (as applicable). In addition, no consent of the Holders shall be required in connection with any other related adjustments and/or amendments to the Terms and Conditions of the Notes (or any other document) which are made in order to effect any successor rate or alternative rate (as applicable).

In certain circumstances, the ultimate fallback for a particular Interest Period or Reset Period (as applicable), including where no successor or alternative rate (as applicable) is determined, may be that the rate of interest for the last preceding Interest Period or Reset Period (as applicable) is used for the following Interest Period or Reset Period (as applicable). This may result in the effective application of a fixed rate for Floating Rate Notes or Reset Notes (as applicable) based on the rate which was last observed on the applicable screen page. In addition, due to the uncertainty concerning the availability of successor rates and alternative rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Floating Rate Notes or Reset Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes or Reset Notes. Investors should note that, in the case of Relevant Notes, the relevant Independent Adviser or the Issuer (as applicable) will have discretion to adjust the relevant successor rate or alternative rate (as applicable) in the circumstances described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Holder, any such adjustment will be favourable to each Holder.

Investors should consider all of these matters when making their investment decision with respect to the relevant Floating Rate Notes or Reset Notes.

#### **4.15 The market continues to develop in relation to SONIA, the Secured Overnight Financing Rate (“SOFR”) and the Euro Short-Term Rate (“€STR”) 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 SONIA, SOFR and €STR (each an “RFR” and together the “RFRs”) as reference rates in the capital markets and their adoption as alternatives to sterling LIBOR, U.S. dollar LIBOR and EURIBOR, respectively. In particular, market participants and relevant working groups are exploring alternative reference rates based on the RFRs, including term SONIA, SOFR and €STR reference rates (which seek to measure the market’s forward expectation of an average RFR over a designated term).

SONIA is currently published by the Bank of England and is intended to be a measure of the rate at which interest is paid on sterling short-term wholesale funds in circumstances where credit, liquidity and other risks are minimal. It is the current preferred replacement rate to sterling LIBOR. SOFR is published by the Federal Reserve Bank of New York (the “Federal Reserve”) and is intended to be a broad measure of the cost of borrowing cash overnight collateralised by Treasury securities. It is the current preferred replacement rate to U.S. dollar LIBOR. €STR has been published by the European Central Bank (“ECB”) since October 2019, and is currently the preferred replacement rate to EURIBOR.

Each RFR has a limited history and the future performance of each cannot be predicted based on its respective historical performance. Hypothetical or actual historical performance data are not indicative of, and have no bearing on, the potential performance of an RFR or Floating Rate Notes linked to or which reference an RFR. The level of an RFR over the term of Floating Rate Notes may bear little or no relation to the historical level of that RFR. Prior observed patterns, if any, in the behaviour of market variables, such as correlations, may change in the future. Further, since the initial publication of the RFRs, daily changes in each have, on occasion, been more volatile than daily changes in other benchmark or market rates, such as LIBOR or EURIBOR, during corresponding periods. In addition, although changes in compounded SONIA index, compounded SOFR index or compounded €STR index generally are not expected to be as volatile as changes in daily levels of the RFRs, the return on and value of Floating Rate Notes linked to or which reference an RFR may fluctuate more than floating rate debt securities that are linked to less volatile rates.

The market or a significant part thereof may adopt an application of an RFR that differs significantly from that set out in the Terms and Conditions of the Notes. As each of the RFRs is published and calculated by third parties based on data received from other sources, the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that the RFRs will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Floating Rate Notes linked to or which reference an RFR (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions of the Notes will provide a rate which is economically equivalent for Holders). None of the Bank of

England, the Federal Reserve or the ECB has an obligation to consider the interests of Holders in calculating, adjusting, converting, revising or discontinuing an RFR. If the manner in which an RFR 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.

Furthermore, the Rate of Interest payable on Floating Rate Notes which reference an RFR is only capable of being determined at the end of the relevant Interest Period and shortly prior to the relevant Interest Payment Date. It may therefore be difficult for investors in Floating Rate Notes which reference an RFR to reliably estimate the amount of interest which will be payable on such Notes. Further, in contrast to LIBOR or EURIBOR-based Notes, if Notes referencing an RFR become due and payable as a result of an Event of Default under (in the case of Senior Notes) Condition 10, or (in the case of Tier 2 Notes) Condition 17, are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable.

Investors should also be aware that the manner of adoption or application of an RFR as reference rates in the international debt capital markets may differ materially compared with the application and adoption of an RFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of an RFR as reference rates across these markets may impact any hedging or other arrangements which they may put in place in connection with any acquisition, holding or disposal of Floating Rate Notes linked to or which reference an RFR.

Since the RFRs are relatively new market indices, Floating Rate Notes linked to or which reference an RFR may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities linked to or which reference an RFR may evolve over time and trading prices of such Notes may be lower than those of the later issued Notes that are linked to or which reference an RFR rate as a result. Further, if the RFRs do not prove to be widely used in securities like the Notes, the trading price of Floating Rate Notes linked to or which reference an RFR may be lower than those of Notes linked to or which reference indices that are more widely used. 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 linked to or which reference an RFR rate.

**4.16 In respect of any Notes issued as ESG Bonds, there can be no assurance that the use of an amount equal to such proceeds will be suitable for the investment criteria of an investor**

Notes may be issued as ESG Bonds (as defined in the “*Use of Proceeds*” section below). The Final Terms relating to any specific Notes may provide that it is the Issuer’s intention to apply an amount equal to the proceeds from an offer of those Notes specifically for

Eligible Activities (as defined below). Prospective investors should determine for themselves the relevance of any information set out in the relevant Final Terms or any green, social or sustainable finance framework prepared by the Group for the purpose of an investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or any of the Dealers that the use of an amount equal to such proceeds for any Eligible Activities will satisfy, 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 by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects, assets or uses that are the subject of, or otherwise related to, any Eligible Activities.

No assurance is, or can be, given to investors that any projects, activities or assets that are the subject of, or related to, any Eligible Activities will meet any or all investor expectations or requirements regarding “environmental”, “social”, “sustainable”, “governance”, “green” or an equivalently labelled performance objective (together, “ESG”) (including under Regulation (EU) 2020/852 (the “Taxonomy Regulation”) on the establishment of a framework to facilitate sustainable investment (the “EU Taxonomy”), as each forms part of UK domestic law by virtue of the EUWA), or that any adverse environmental, social and/or other impact(s) will not occur during the implementation of any projects or assets that are the subject of, or related to, any Eligible Activities.

Furthermore, it should be noted that there is currently no single definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, an ESG project, activity or asset, or as to what precise attributes are required for a particular project, activity or asset to be defined as ESG, nor can any assurance be given that such a clear definition or consensus will develop over time.

The EU Taxonomy in particular is subject to further implementation by the European Commission by way of delegated regulations containing technical screening criteria for the environmental objectives set out in the Taxonomy Regulation. On 21 April 2021, the European Commission approved in principle the first delegated act (the “EU Taxonomy Climate Delegated Act”) aimed at supporting sustainable investment by making it clearer which economic activities most contribute to meeting the EU’s environmental objectives. The EU Taxonomy Climate Delegated Act sets out criteria for economic activities in the sectors that are most relevant for achieving climate neutrality and delivering on climate change adaptation. This includes sectors such as energy, forestry, manufacturing, transport and buildings. Criteria for other environmental objectives will follow in a later delegated act, in line with the mandates in the Taxonomy Regulation.

In June 2021, the UK Government appointed a new Green Taxonomy Advisory Group (“GTAG”), an independent expert group established to oversee, and provide non-binding advice to the Government on, the delivery of a comparable ‘Green Taxonomy’ in the UK context (the “UK Taxonomy”). Like the EU Taxonomy, the objective of the UK Taxonomy will be, once implemented, to provide investors with greater clarity as to how individual

firms impact the environment. The GTAG is expected to provide its initial recommendations to the UK Government in September 2021.

Until all criteria for such objectives on both a UK and EU level have been developed and disclosed, it is not known whether any Eligible Activities will satisfy those respective criteria. Accordingly, alignment with the EU Taxonomy and/or any UK Taxonomy, once all criteria are established, is not certain. Each prospective investor should therefore have regard to the factors described in the relevant Final Terms and in any green, social or sustainable finance framework prepared by the Group subsequent to the date of this Prospectus, and seek advice from their independent financial adviser or other professional adviser as to the relevance of the information contained in this Prospectus and the relevant Final Terms before deciding to invest.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any ESG Bonds and in particular with any Eligible Activities to fulfil any ESG and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall 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 Issuer or any other person to buy, sell or hold any such Notes or that any Eligible Activities fulfil any ESG and/or other criteria. Any such opinion or certification is only current as of the date that opinion 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 Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated ESG or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer 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 by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or assets that are the subject of, or related to, any Eligible Activities. 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 Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equal to the proceeds of any Notes so specified for Eligible Activities in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project or asset(s) related to any Eligible Activities will be capable of being implemented in, or substantially

in, such manner and/or in accordance with any timing schedule and that accordingly such amount equal to such proceeds will be totally or partially disbursed for or towards such Eligible Activities. Nor can there be any assurance that such Eligible Activities will be completed within any specified period or at all or with the results or outcome as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an event of default under the Notes.

Any such event or failure to apply an amount equal to the proceeds of any issue of Notes for or towards any Eligible Activities as aforesaid and/or the withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or re-finance Eligible Activities and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for or towards a particular purpose.

None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

## **5. RISKS RELATING TO THE NOTES - RISKS RELATED TO NOTES GENERALLY**

Set out below is a description of material risks relating to the Notes generally:

### **5.1 Credit ratings assigned to the Issuer or any Notes may not reflect all the risks associated with an investment in those Notes**

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. The ratings may not reflect the potential impact of all risks related to 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, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to certain exceptions. Such general restriction will also apply in the case of credit ratings issued by non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant non-EEA rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain



supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation, subject to certain exceptions. In the case of ratings issued by non-UK credit rating agencies, such non-UK credit ratings can either be endorsed by a UK registered credit rating agency or issued by a non-UK credit rating agency that is certified in accordance with the UK CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). In the case of non-UK ratings, for a certain limited period of time, transitional relief accommodates continued use, for regulatory purposes in the UK, of existing pre-2021 ratings, provided the relevant conditions are satisfied.

If the status of a rating agency rating the Notes changes, EEA and UK regulated investors may no longer be able to use the rating for regulatory purposes and Notes may have a different regulatory treatment. This may result in EEA and UK regulated investors selling the Notes which may have an impact on the Notes and any secondary market.

Certain information with respect to the credit rating agencies and ratings is set out on the front page and pages 10, 18 and 226 of this Prospectus and will be disclosed in the Final Terms.

## **5.2 The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Holders and without regard to the individual interests of particular Holders**

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Holders and without regard to the interests of particular Holders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes; or (ii) determine that (a) in the case of Tier 2 Notes, any Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such or (b) in the case of Senior Notes, any Event of Default or Potential Event of Default shall not be treated as such; or (iii) agree to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 22 of the Terms and Conditions of the Tier 2 Notes.

The Conditions contain provisions which provide for the replacement of certain reference rates or mid-swap rates, pursuant to which the Trustee and the Issue and Paying Agent, without the consent of Holders, shall agree to any modifications to the Trust Deed, the

Agency Agreement, the Conditions and any other documents required to give effect to such Reference Rate Replacement, as directed by the Issuer. The Trustee shall not be obliged to agree to any modification which would impose more onerous obligations upon it or expose it to additional duties or liabilities.

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

The Terms and Conditions of the Notes 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 and any such change could materially adversely impact the value of any Notes affected by it.

See also the risk factor entitled "*Changes to Solvency II may increase the risk of deferral of payments of interest or principal or the occurrence of a Regulatory Event in relation to Tier 2 Notes*" above for a description of the risks associated specifically with changes to Solvency II in the context of Tier 2 Notes.

### **5.4 Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may adversely affected if definitive Notes are subsequently required to be issued**

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a Definitive Bearer Note or Definitive Registered Note (as applicable) in respect of such holding (should Definitive Bearer Notes or Definitive Registered Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If Definitive Bearer Note or Definitive Registered Note (as applicable) are issued, Holders should be aware that Definitive Bearer Notes or Definitive Registered Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

### **5.5 No limitation on issuing senior or pari passu securities**

There is no restriction on the amount of securities which the Issuer may issue and which may rank senior to, or *pari passu* with, the Notes. The issue of any such securities may

reduce the amount recoverable by holders of the Notes on a winding-up of the Issuer and/or may increase the likelihood of a deferral of payments under the Tier 2 Notes (as applicable). See also the risk factors entitled “*Deferral of payments*” and “*Restricted remedy for non-payment*” above for a description of the risks associated with the payment deferral provisions applicable to the Tier 2 Notes.

**5.6 An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell its Notes**

Notes may have no established trading market when issued, and one may never develop (for example, Notes may be allocated to a limited pool of investors). If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. This is particularly the case 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 an adverse effect on the market value of Notes.

**5.7 If an investor holds Notes which are not denominated in the investor’s home currency, it will be exposed to movements in exchange rates adversely affecting the value of its holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes**

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the Specified Currency would decrease: (i) the Investor’s Currency equivalent yield on the Notes; (ii) the Investor’s Currency equivalent value of the principal payable on the Notes; and (iii) the Investor’s Currency equivalent market value of the Notes.

In addition, 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 Issuer 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.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents (or sections of documents), which have previously been published or are published simultaneously with this Prospectus, shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the annual report and consolidated financial statements of the Issuer for the period from the incorporation of the Issuer to 31 December 2019 (the “2019 Annual Report”);
- (2) the annual report and consolidated financial statements of the Issuer for the year ended 31 December 2020 (the “2020 Annual Report”);
- (3) the solvency and financial condition report of the Issuer for the year ended 31 December 2020 (the “2020 SFCR”); and
- (4) the consolidated half year financial results of the Issuer for the six months ended 30 June 2021 (the “2021 Half Year Results”),

save that any statement contained in this Prospectus or in any of the documents incorporated by reference in, and forming part of, this Prospectus may be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement. 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 and/or information themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

Where reference is made to a website in this Prospectus, the contents of that website do not form part of this Prospectus.

The 2019 Annual Report, the 2020 Annual Report and the 2021 Half Year Results are each accessible at: <https://www.mandgplc.com/investors/results-reports-and-presentations>

The 2020 SFCR is accessible at: <https://www.mandgplc.com/investors/regulatory-returns>

## TERMS AND CONDITIONS OF SENIOR NOTES

*The following, except for paragraphs in italics (which are in the nature of explanatory notes and do not form part of the Terms and Conditions of the Senior Notes), are the Terms and Conditions of the Senior Notes (the “Notes”) which, as completed in accordance with the provisions of Part A of the applicable Final Terms, will be applicable to each Tranche of Notes. Either: (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these Terms and Conditions as so completed, shall be endorsed on the Bearer Notes (as defined below) or on the certificates relating to the Registered Notes (as defined below). Certain provisions relating to such Notes while in global form, and certain modifications of these Terms and Conditions applicable to such Notes while in global form, are described in the section entitled “Provisions relating to the Notes while in Global Form”.*

This Note is issued by M&G plc (the “Issuer”) and is one of a Series (as defined below) of Notes constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 10 August 2021 and made between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the “Trustee”, which expression shall include any successor trustee) for the Holders (as defined below) of such Notes. References herein to the “Notes” shall be references to the Notes of this Series. As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single Series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 10 August 2021 and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “Issue and Paying Agent”, which expression shall include any successor agent), Citibank, N.A., London Branch as registrar in respect of Notes in registered form and as paying agent (the “Registrar”, which expression shall include any successor registrar and, together with the Issue and Paying Agent, unless the context otherwise requires, the “Paying Agents”, which expression shall include any additional or successor paying agents) and the Trustee.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and complete these Terms and Conditions (these “Conditions”) for the purposes of this Note. References to the “Final Terms” are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Copies of the Trust Deed and the Agency Agreement are available for inspection on weekdays during normal business hours at the registered office of the Issuer, the registered office for the time being of the Trustee (being at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified office of the Issue and Paying Agent. Copies of the Final Terms are available for viewing on weekdays during normal business hours at the registered office for the time being of the Issuer, the registered office for the time being of the Trustee and at the specified office of the Issue and Paying Agent. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange’s regulated market will be published on the website of the London Stock Exchange through a regulatory information service. Copies of each Final Terms

relating to Notes which are admitted to trading on (i) any regulated market in the European Economic Area will be published in accordance with Article 21(2) of Regulation (EU) 2017/1129 or (ii) any other regulated market in the United Kingdom will be published in accordance with Article 21(2) of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018, as amended or replaced from time to time (including, without limitation, by the European Union (Withdrawal Agreement) Act 2020), and in each case in accordance with the rules and regulations of the relevant regulated market in the European Economic Area or the United Kingdom. The Holders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

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

## **1. FORM AND DENOMINATION**

### **1.1 Form**

Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), as specified in the Final Terms, serially numbered and in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the Final Terms provided that in the case of Notes which are to be admitted to trading on a regulated market within the European Economic Area the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Note). Registered Notes are not exchangeable for Bearer Notes or vice versa. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

### **1.2 Coupons and Talons**

Interest-bearing definitive Bearer Notes have attached thereto, at the time of their initial delivery, coupons (“Coupons”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, such Notes may have attached thereto, at the time of their initial delivery, a talon (“Talon”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons. If this Note is a Zero Coupon Note, references to Coupons and Couponholders in these Conditions are not applicable.

### **1.3 Interest Basis**

This Note may be a Fixed Rate Note, a Floating Rate Note (which term shall include an €STR Linked Interest Note, a SONIA Linked Interest Note, a Federal Funds Rate Linked Interest Note, a CMS Linked Interest Note, a Compounded Daily SOFR Linked Interest

Note or a Weighted Average SOFR Linked Interest Note if this Note is specified as such in the Final Terms), a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.

#### **1.4 Denomination of Bearer Notes**

Bearer Notes are in the Specified Denomination or Denominations specified in the Final Terms.

#### **1.5 Denomination of Registered Notes**

Registered Notes are in the minimum Specified Denomination or Denominations specified in the Final Terms or integral multiples thereof.

#### **1.6 Currency of Notes**

The Notes are denominated in the Specified Currency specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### **2. TITLE AND TRANSFER**

#### **2.1 Title to Bearer Notes**

Title to Bearer Notes and Coupons passes by delivery. References herein to the “Holders” in relation to Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

#### **2.2 Title to Registered Notes**

Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the “Holders” in relation to Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

#### **2.3 Holder as Owner**

The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon or any theft or loss thereof) and no person shall be liable for so treating such Holder.

#### **2.4 Transfer of Registered Notes**

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part only (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the Final

Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

## **2.5 New Registered Notes**

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the transfer date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar after the Record Date (as defined in Condition 6.4) in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment. For the purposes of these Conditions:

- (a) “Relevant Banking Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located; and
- (b) the “transfer date” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4.

## **2.6 No Charges upon Transfer**

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer or the Registrar may require in respect of) any tax, duty or other governmental charge of whatsoever nature which may be levied or imposed in relation thereto.

## **2.7 144A Legend**

Upon the transfer or replacement of Definitive Registered Notes or Rule 144A Global Notes bearing the 144A legend (the “144A Legend”) set forth in the relevant form of Registered Note scheduled to the Trust Deed, or upon specific request for removal of the 144A Legend, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and the Registrar such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of counsel experienced in giving opinions with respect to questions arising under the securities laws of the United States, that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing



the 144A Legend unless it notifies the Registrar of such acquisition. Each Paying Agent, the Registrar, the Trustee and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

## **2.8 Information to Holders**

For so long as any of the Registered Notes bearing the 144A Legend remains outstanding and is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the “Securities Act”), the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act 1934, as amended (the “Exchange Act”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any Holder at the specified office of each of the Paying Agents and the Registrar in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) in relation to it, under the Securities Act.

## **3. STATUS OF THE NOTES**

The Notes and any relative Coupons are direct and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and rank and will rank without any preference among themselves and (subject as aforesaid and to such exceptions as are from time to time applicable under the laws of the United Kingdom) *pari passu* with all other outstanding, unsecured and unsubordinated obligations of the Issuer.

## **4. NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding (as defined in the Trust Deed) the Issuer will not, and will procure (so far as the Issuer can procure by the proper exercise of voting and other rights or powers of control exercisable by the Issuer in relation to Subsidiaries (as defined in the Trust Deed)) that the Principal Subsidiary (as defined below) will not, create or permit to subsist any mortgage or charge upon the whole or any part of its undertaking or assets (other than assets representing the fund or funds maintained by the Issuer or, as the case may be, the Principal Subsidiary in respect of long-term business (as defined in the Financial Services and Markets Act 2000)), present or future, to secure payment of any present or future Relevant Indebtedness (as defined below) of the Issuer or any Subsidiary or to secure any guarantee or indemnity in respect thereof, without at the same time according to the Notes, the Coupons and all amounts payable under the Trust Deed in respect thereof to the satisfaction of the Trustee, the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Holders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders.

For the purposes of this Condition 4:

“Principal Subsidiary” means The Prudential Assurance Company Limited but, in the case of this Condition and paragraphs (iii) to (vii) (inclusive) of Condition 10, only for so long as it remains a Subsidiary of the Issuer; and

“Relevant Indebtedness” means any indebtedness for borrowed money (other than indebtedness in the form of sterling debenture stock (as defined in the Trust Deed) or indebtedness which has a stated maturity not exceeding one year) which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which, with the agreement of the Issuer or any Subsidiary, as the case may be, are quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market (whether or not distributed by way of private placement) excluding any indebtedness for borrowed money in respect of which the person to whom such indebtedness is owed has no recourse whatsoever to the Issuer or the Principal Subsidiary, as the case may be, for repayment other than recourse for amounts limited to the cash flow or net cash flow (other than historical cash flow or historical net cash flow) from such asset.

## **5. INTEREST**

### **5A Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) (as specified in the Final Terms) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payment of any Broken Amount will be made on the Interest Payment Date so specified in the Final Terms.

As used in these Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

For the purposes of this Condition 5A:

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with this Condition 5A:

- (i) if “Actual/Actual (ICMA)” is specified in the Final Terms:
  - (A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
  - (B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on, the Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

## **5B Interest on Floating Rate Notes**

### **5B.1 Interest Payment Dates**

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (a) the Specified Interest Payment Date(s) (each an “Interest Payment Date”) in each year specified in the Final Terms; or
- (b) if no Specified Interest Payment Date(s) is/are specified in the Final Terms, each date (each an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a Business Day Convention is specified in the Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur, or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 5B.1(b) above, the Floating Rate Convention, such Interest Payment Date: (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (D) below shall apply *mutatis mutandis*; or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, "Business Day" means a day which is:

- (a) 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 and each Additional Business Centre specified in the Final Terms;
- (b) either: (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto (the "TARGET2 System") is open; and
- (c) where the relevant Final Terms specify that the Reference Rate is "Compounded Daily SOFR" or "Weighted Average SOFR", a U.S. Government Securities Business Day and a New York City Banking Day.

#### **5B.2** *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the Final Terms.

#### **5B.3** *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 Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any). For the purposes of this Condition 5B.3, "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent under an interest rate swap transaction if the Issue and Paying Agent were acting as Calculation Agent (as defined below) for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and

Derivatives Association, Inc. and as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (1) the Floating Rate Option is as specified in the Final Terms;
- (2) the Designated Maturity is a period specified in the Final Terms; and
- (3) the relevant Reset Date is the day specified in the Final Terms.

For the purposes of this Condition 5B.3, “Floating Rate”, “Calculation Agent”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions.

#### 5B.4 *Screen Rate Determination for Floating Rate Notes*

A. *Floating Rate Notes other than €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes*

Where Screen Rate 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 Period will, subject as provided below, be either:

- (i) the offered quotation; or
- (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Issue and Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Issue and Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

If the Relevant Screen Page is not available or if, in the case of (i) above, no offered quotation appears or, in the case of (ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Issue and Paying Agent shall request each of the Reference Banks (as defined below) to provide the Issue and Paying Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference

Banks provide the Issue and Paying Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Issue and Paying Agent.

If on any Interest Determination Date one only or none of the Reference Banks provides the Issue and Paying Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Issue and Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Issue and Paying Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately 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 the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issue and Paying Agent with 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 (rounded as provided above) 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 approximately 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 Issuer suitable for the purpose) informs the Issue and Paying Agent it is quoting to leading banks in the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of this Condition 5B.4A, in each case subject to Condition 5B.4H:

“Reference Banks” means, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and, in the case of a determination of a Reference Rate other than EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Issuer;

“Reference Rate” means, as specified in the Final Terms, (i) EURIBOR, (ii) SIBOR, (iii) TIBOR, (iv) HIBOR or (v) the Bank of England Base Rate, in each case for the relevant currency and for the relevant period (if applicable), as specified for each in the Final Terms, and in each case subject as provided in Condition 5B.4H;

“Relevant Financial Centre” means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of EURIBOR, Brussels, (ii) in the case of a determination of SIBOR, Singapore, (iii) in the case of a determination of TIBOR, Tokyo, (iv) in the case of a determination of HIBOR, Hong Kong or (v) in the case of a determination of the Bank of England Base Rate, London; and

“Relevant Time” means the time specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of EURIBOR, 11.00 a.m., (ii) in the case of a determination of SIBOR, 11.00 a.m., (iii) in the case of a determination of TIBOR, 11.00 a.m. (iv) in the case of a determination of HIBOR, 11.00 a.m. or (v) in the case of a determination of the Bank of England Base Rate, 11.00 a.m., in each case in the Relevant Financial Centre.

**B. Floating Rate Notes which are €STR Linked Interest Notes**

Where the Reference Rate is specified as being €STR, the Rate of Interest for each Interest Period, subject as provided below, will be Compounded Daily €STR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.

Compounded Daily €STR + Margin

As used above:

“Compounded Daily €STR” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with €STR 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 Final Terms) as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{Daily } \text{€STR} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

the “€STR reference rate”, in respect of any TARGET Business Day, is a reference rate equal to the daily euro short-term rate (“€STR”) for such



TARGET Business Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank currently at <http://www.ecb.europa.eu> (or of any successor administrator) or, if no longer published on the administrator's website, as otherwise published by it or provided by it 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 TARGET Business Day immediately following such TARGET Business Day);

"€STR<sub>i-pLBD</sub>" means, in respect of any TARGET Business Day falling in the relevant Interest Period, the €STR reference rate for the TARGET Business Day "i" falling "p" TARGET Business Days prior to the relevant TARGET Business Day "i";

"d" means, in relation to any Interest Period, the number of calendar days in such Interest Period;

"d<sub>0</sub>" means the number of TARGET Business Days in the relevant Interest Period;

"i" means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Days in chronological order from, and including, the first TARGET Business Day in the relevant Interest Period;

"n<sub>i</sub>" means, in relation to any TARGET Business Day "i", the number of calendar days from and including such TARGET Business Day up to, but excluding, the following TARGET Business Day;

"Observation Period" means the period from, and including, the date falling "p" TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

"p" means, for any Interest Period, the number of TARGET Business Days included in the Observation Period, as specified in the Final Terms;

"TARGET Business Day" means a day on which the TARGET2 System is open for settlement of payments in euro; and

"TARGET2 System" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

Subject to the provisions of Condition 5B.4H, if, in respect of any TARGET Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) determines that the €STR reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such €STR reference rate shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which an €STR reference rate was published by the European Central Bank (or any successor administrator) on its website, as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms).

If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

*C. Floating Rate Notes which are SONIA Linked Interest Notes*

Where the Reference Rate is specified as being SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.

Subject to the provisions of Condition 5B.4H, if, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (i) the Bank of England's Bank Rate (the "Bank of England Base Rate") prevailing at 5:00 p.m. (London time) (or, if earlier, close of business) on the relevant London Business Day; plus
- (ii) the mean of the spread of the SONIA reference rate to the Bank of England Base Rate over the previous five days on which a SONIA reference rate 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).

Subject to the provisions of Condition 5B.4H, if the Rate of Interest cannot be determined in accordance with paragraphs (i) and (ii) by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms), 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 Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or
- (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest 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 Period).

If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

For the purposes of this Condition 5B.4C:

“Compounded Daily SONIA” means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as 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 Final Terms) on the relevant 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:

$$\left[ \prod_{i=1}^{d_o} \left( 1 + \frac{SONIA_{i-p} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

Where:

“d” means the number of calendar days in the relevant Interest Period;

“d<sub>0</sub>” means the number of London Business Days in the relevant Interest Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Business Days in chronological order from, and including, the first London Business Day in the relevant Interest Period;

“London Business Day” or “LBD” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

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

“Observation Period” means the period from, and including, the date falling “p” London Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“p” means, for any Interest Period, the number of London Business Days included in the Observation Period, as specified in the Final Terms;

“Relevant Screen Page” means the screen page specified in the Final Terms;

the “SONIA reference rate”, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such London 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 (on the London Business Day immediately following such London Business Day); and

“SONIA<sub>i-pLBD</sub>” means, in respect of any London Business Day falling in the relevant Interest Period, the SONIA reference rate for the London Business Day “i” falling “p” London Business Days prior to the relevant London Business Day “i”.

*D. Floating Rate Notes which are Federal Funds Rate Linked Interest Notes*

Where the Reference Rate is specified as being the Federal Funds Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation

Agent in accordance with the provisions set out below as the Weighted Average of the U.S. Federal Funds Rate.

As used above:

“Weighted Average of the U.S. Federal Funds Rate” means D1/D2.

Where:

“D1” means, in respect of an Interest Period, the sum of the Relevant Rates for each calendar day in such Interest Period. For any calendar day in the relevant Interest Period that is an Interest Determination Date, the “Relevant Rate” is the U.S. Federal Funds Rate on such Interest Determination Date. For any calendar day in such Interest Period that is not an Interest Determination Date, the Relevant Rate for such calendar day shall be the Relevant Rate on the immediately preceding Interest Determination Date;

“D2” shall mean the number of calendar days in the Interest Period;

“Interest Determination Date” means, in respect of an Interest Reset Date, the first New York City Banking Day prior to such Interest Reset Date;

“Interest Rate Cut Off Date” means, in respect of an Interest Period, the fourth New York City Banking Day prior to the Interest Payment Date on which such Interest Period ends;

“Interest Reset Date” means, in respect of an Interest Period, each New York City Banking Day in such Interest Period up to and including the Interest Rate Cut Off Date;

“New York City Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City; and

“U.S. Federal Funds Rate” means, in respect of an Interest Determination Date, the rate for U.S. dollar federal funds on such Interest Determination Date as published in H.15(519) under the caption “Federal Funds (effective)” and displayed on Reuters (or any successor service) on page FEDFUNDS1 under the caption “EFFECT” (or any other page as may replace the specified page on that service) (“FEDFUNDS1 Page”).

If the U.S. Federal Funds Rate for an Interest Determination Date does not so appear on the FEDFUNDS1 Page or is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, in respect of such Interest Determination Date, the U.S. Federal Funds Rate for such Interest Determination Date shall be as published in H.15 Daily Update, or such other recognised electronic source used for the purpose of displaying the applicable rate, under the caption “Federal funds (effective)”. If the U.S. Federal Funds Rate is not so published by 5.00 p.m.

(New York City time) on the Interest Reset Date, the U.S. Federal Funds Rate with respect to such Interest Determination Date shall be the U.S. Federal Funds Rate for the first preceding day for which the U.S. Federal Funds Rate is set forth in H.15(519) opposite the caption “Federal funds (effective)”, as the U.S. Federal Funds Rate is displayed on the FEDFUNDS1 Page.

*E. Floating Rate Notes which are CMS Linked Interest Notes*

Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent in accordance with the provisions set out below and the following formula:

CMS Rate + Margin

As used above:

“CMS Rate” shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent.

If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks (as defined below) to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).

For this purpose:

“Margin” has the meaning specified in the Final Terms;

“Reference Banks” means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case as selected by the Issuer;

“Relevant Screen Page” has the meaning specified in the Final Terms;

“Relevant Swap Rate” means:

- (i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Issuer by reference to standard market practice and/or the ISDA Definitions; and
- (ii) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Issuer in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“Relevant Time” has the meaning specified in the Final Terms; and

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time.

If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Issuer in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

*F. Compounded Daily SOFR*

- (a) Where the Reference Rate is specified as being Compounded Daily SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) For the purposes of this Condition 5B.4F:

“Compounded Daily SOFR” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with SOFR 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 Final Terms) as follows, and the

resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

Where:

“d” means, in relation to any Interest Period, the number of calendar days in such Interest Period;

“d<sub>0</sub>” means, in relation to any Interest Period, the number of U.S. Government Securities Days in such Interest Period;

"Federal Reserve's Website" means the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website;

“i” means, in relation to any Interest Period, a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in such Interest Period;

“n<sub>i</sub>” means, in relation to any U.S. Government Securities Business Day “i”, the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day;

"New York City Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"New York Federal Reserve's Website" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website;

“OBFR” or “Overnight Bank Funding Rate” means, in relation to any New York City Banking Day (the “OBFR Determination Date”), the daily overnight bank funding rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator) at or around 5:00 pm (New York City time) on the New York Federal Reserve's Website on the next succeeding New York City Banking Day for trades made on such OBFR Determination Date;

“OBFR Index Cessation Effective Date” means, in relation to an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Overnight Bank



Funding Rate) ceases to publish the daily Overnight Bank Funding Rate or the date as of which the daily Overnight Bank Funding Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Overnight Bank Funding Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) has ceased or will cease to provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the daily Overnight Bank Funding Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SIFMA” means the Securities Industry and Financial Markets Association (or any successor thereto);

“SOFR” means:

- (i) in relation to any U.S. Government Securities Business Day (the "SOFR Determination Date"), the daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;
- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have not both occurred, the daily Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the New York Federal Reserve's Website; or

(iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have both occurred, "SOFR" in relation to such SOFR Determination Date shall be the rate that was recommended as the replacement for the daily Secured Overnight Financing Rate by 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 for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads); provided, however, that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date, then:

(1) subject to (2) below, "SOFR" in relation to each SOFR Determination Date falling on or after the SOFR Index Cessation Effective Date shall be equal to the rate determined in accordance with (i) or (ii) above (as applicable) but as if:

(aa) references in this Condition 5B.4F to "U.S. Government Securities Business Day" were to "New York City Banking Day" (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, "d<sub>0</sub>" shall be construed so that it means the aggregate of (x) the number of U.S. Government Securities Business Days in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) the number of New York City Banking Days in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and "i" shall be construed accordingly);

(bb) references to "daily Secured Overnight Financing Rate" were to the "daily Overnight Bank Funding Rate";

(cc) references to "SOFR Index Cessation Event" were references to "OBFR Index Cessation Event"; and

(dd) references to "SOFR Index Cessation Effective Date" were references to "OBFR Index Cessation Effective Date"; and

- (2) if the rate specified in (1) above is not so published and an OBFR Index Cessation Event and an OBFR Index Cessation Effective Date have both occurred, then, in relation to each SOFR Determination Date falling on or after the later of the SOFR Index Cessation Effective Date and the OBFR Index Cessation Effective Date, “SOFR” shall be equal to the rate determined in accordance with (i) above but as if:
- (aa) references in this Condition 5B.4F to “U.S. Government Securities Business Day” were to “New York City Banking Day” (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, “d<sub>0</sub>” shall be construed so that it means the aggregate of (x) the number of U.S. Government Securities Business Days in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) the number of New York City Banking Days in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and “i” shall be construed accordingly); and
  - (bb) the reference in paragraph (i) above to the “daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve’s Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date” were a reference to the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve’s Website and as prevailing on such SOFR Determination Date, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve’s Website and as prevailing on such SOFR Determination Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place with 0.005 being rounded upwards);

“SOFR Index Cessation Effective Date” means, in relation to a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Secured Overnight Financing Rate) ceases to publish the daily Secured Overnight Financing Rate, or the date as of which the daily Secured Overnight Financing Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SOFR Reset Date” means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day in the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date (such period, the “Cut-Off Period”);

“SOFR<sub>i</sub>” means, in relation to any Interest Period and any U.S. Government Securities Business Day “i”:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, SOFR in relation to the U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day

falling in the Cut-Off Period), SOFR in relation to the U.S. Government Securities Business Day immediately preceding the last SOFR Reset Date in such Interest Period; and

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which SIFMA 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) The Issuer may at any time, following consultation with an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets (in each case appointed by the Issuer at its own expense), specify such changes to paragraph (iii) of the definition of “SOFR” set out in this Condition 5B.4F as it determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of rates determined in accordance with such paragraph, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4F(c)). For the avoidance of doubt, the Trustee shall, at the direction and expense of the Issuer, effect such amendments to the Conditions together with such consequential amendments to the Trust Deed and Agency Agreement as may be required to give effect to the application of this Condition 5B.4F(c).

Prior to any such amendment, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee confirming that the Issuer has made the relevant determinations in accordance with this Condition 5B.4F(c), such amendments are required to give effect to any application of this Condition 5B.4F(c) and attaching the proposed amendments and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders of the Notes or to any other person for any consequences thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person. No consent of the Holders of the Notes or of the Couponholders shall be required in connection with effecting such changes, including for the execution of, or amendments to, any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required). The Trustee shall not be obliged to agree to any amendments which in the sole opinion of the Trustee would have the effect of (1) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (2) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the documents to which it is a party and/or these Conditions. The Issuer shall promptly following the determination of any changes pursuant to this Condition 5B.4F(c) give notice thereof to the Trustee, the Issue and Paying Agent, the Calculation Agent and the Holders.

- (d) If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

G. *Weighted Average SOFR*

- (a) Where the Reference Rate is specified as being Weighted Average SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be Weighted Average SOFR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) For the purposes of this Condition 5B.4G:

"Weighted Average SOFR" means, in relation to any Interest Period, the arithmetic mean of  $SOFR_i$  in effect for each U.S. Government Securities Business Day during such Interest Period (each such U.S. Government Securities Business Day, "i"), calculated by multiplying the relevant  $SOFR_i$  for any U.S. Government Securities Business Day "i" by the number of days such  $SOFR_i$  is in effect (being the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day), determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period.

Where:

"Federal Reserve's Website" means the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website;

"New York City Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"New York Federal Reserve's Website" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website;

"OBFR" or "Overnight Bank Funding Rate" means, in relation to any New York City Banking Day (the "OBFR Determination Date"), the daily overnight bank funding rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor

administrator) at or around 5:00 pm (New York City time) on the New York Federal Reserve's Website on the next succeeding New York City Banking Day for trades made on such OBFR Determination Date;

“OBFR Index Cessation Effective Date” means, in relation to an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Overnight Bank Funding Rate) ceases to publish the daily Overnight Bank Funding Rate or the date as of which the daily Overnight Bank Funding Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Overnight Bank Funding Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) has ceased or will cease to provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the daily Overnight Bank Funding Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SIFMA” means the Securities Industry and Financial Markets Association (or any successor thereto);

“SOFR” means:

- (i) in relation to any U.S. Government Securities Business Day (the "SOFR Determination Date"), the daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;

- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have not both occurred, the daily Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the New York Federal Reserve's Website; or
  
- (iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have both occurred, "SOFR" in relation to such SOFR Determination Date shall be the rate that was recommended as the replacement for the daily Secured Overnight Financing Rate by 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 for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads); provided, however, that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date, then:
  - (1) subject to (2) below, "SOFR" in relation to each SOFR Determination Date falling on or after the SOFR Index Cessation Effective Date shall be equal to the rate determined in accordance with (i) or (ii) above (as applicable) but as if:
    - (aa) references in this Condition 5B.4G to "U.S. Government Securities Business Day" were to "New York City Banking Day" (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, "Weighted Average SOFR" shall be construed so that it means the arithmetic mean of (x) SOFR<sub>i</sub> in effect for each U.S. Government Securities Business Day in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) SOFR<sub>i</sub> in effect for each New York City Banking Day in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and the definition of "Weighted Average SOFR" shall be construed accordingly);
  
    - (bb) references to "daily Secured Overnight Financing Rate" were to the "daily Overnight Bank Funding Rate";



- (cc) references to “SOFR Index Cessation Event” were references to “OBFR Index Cessation Event”; and
  - (dd) references to “SOFR Index Cessation Effective Date” were references to “OBFR Index Cessation Effective Date”; and
- (2) if the rate specified in (1) above is not so published and an OBFR Index Cessation Event and an OBFR Index Cessation Effective Date have both occurred, then, in relation to each SOFR Determination Date falling on or after the later of the SOFR Index Cessation Effective Date and the OBFR Index Cessation Effective Date, “SOFR” shall be equal to the rate determined in accordance with (i) above but as if:
- (aa) references in this Condition 5B.4G to “U.S. Government Securities Business Day” were to “New York City Banking Day” (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, “Weighted Average SOFR” shall be construed so that it means the arithmetic mean of (x) SOFR<sub>i</sub> in effect for each U.S. Government Securities Business Day in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) SOFR<sub>i</sub> in effect for each New York City Banking Day in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and the definition of “Weighted Average SOFR” shall be construed accordingly); and
  - (bb) the reference in paragraph (i) above to the “daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve’s Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date” were a reference to the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve’s Website and as prevailing on such SOFR Determination Date, or if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market

Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Determination Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place with 0.005 being rounded upwards);

“SOFR Index Cessation Effective Date” means, in relation to a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Secured Overnight Financing Rate) ceases to publish the daily Secured Overnight Financing Rate, or the date as of which the daily Secured Overnight Financing Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SOFR Reset Date” means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day in the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date (such period, the “Cut-Off Period”);

“SOFR<sub>i</sub>” means, in relation to any Interest Period and any U.S. Government Securities Business Day “i”:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, SOFR in relation to the U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Cut-Off Period), SOFR in relation to the U.S. Government Securities Business Day immediately preceding the last SOFR Reset Date in such Interest Period; and

“U.S. Government Securities Business Day” means any day except for a Saturday, Sunday or a day on which SIFMA 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) The Issuer may at any time, following consultation with an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets (in each case appointed by the Issuer at its own expense), specify such changes to paragraph (iii) of the definition of “SOFR” set out in this Condition 5B.4G as it determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of rates determined in accordance with such paragraph, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4G(c)). For the avoidance of doubt, the Trustee shall, at the direction and expense of the Issuer, effect such amendments to the Conditions together with such consequential amendments to the Trust Deed and Agency Agreement as may be required to give effect to the application of this Condition 5B.4G(c).

Prior to any such amendment, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee confirming that the Issuer has made the relevant determinations in accordance with this Condition 5B.4G(c), such amendments are required to give effect to any application of this Condition 5B.4G(c) and attaching the proposed amendments and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders of the Notes or to any other person for any consequences thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person. No consent of the Holders of the Notes or of the Couponholders shall be required in connection with effecting such changes, including for the execution of, or amendments to, any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Trust Deed

and/or the Agency Agreement (if required)). The Trustee shall not be obliged to agree to any amendments which in the sole opinion of the Trustee would have the effect of (1) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (2) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the documents to which it is a party and/or these Conditions. The Issuer shall promptly following the determination of any changes pursuant to this Condition 5B.4G(c) give notice thereof to the Trustee, the Issue and Paying Agent, the Calculation Agent and the Holders.

- (d) If the Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

*H. Reference Rate Replacement*

If:

- (1) Reference Rate Replacement is specified as applicable in the Final Terms;
- (2) Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined; and
- (3) notwithstanding the provisions of Condition 5B.4A above, a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or component thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods

(subject to the subsequent operation of this Condition 5B.4H during any other future Interest Period(s)).

- (b) Subject to paragraph (c) of this Condition 5B.4H, if:
- (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”), determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest (or component thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4H during any other future Interest Period(s)); or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4H fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**Issuer Determination Cut-off Date**”), determines a Successor Reference Rate or, if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest (or component thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4H during any other future Interest Period(s)),

then:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be used in place of the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4H during any other future Interest Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining an Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well

as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

- (B) if the relevant Independent Adviser or the Issuer (as applicable) determines an Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4H).
- (c) Notwithstanding any other provision of this Condition 5B.4 above, if:
  - (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4H notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists or, in either case, that it is unable to determine the applicable Adjustment Spread; or
  - (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 5B.4H fails to determine a Successor Reference Rate or an Alternative Reference Rate and, in either case, the applicable Adjustment Spread, prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(i) of this Condition 5B.4H, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists or, in either case, that it is unable to determine the applicable Adjustment Spread,

and, in either case, neither a Successor Reference Rate nor an Alternative Reference Rate is otherwise determined, in each case, together with the applicable Adjustment Spread, in accordance with paragraph (b) of this Condition 5B.4H prior to the Issuer Determination Cut-off Date, the relevant Rate of Interest shall be determined as at the last preceding Interest Determination Date or, in the case of the first Interest Determination Date, the Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

This paragraph (c) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the operation of this Condition 5B.4H.

- (d) Promptly following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread, as described in this Condition 5B.4H, the Issuer shall give notice that a Benchmark Event has occurred, including detailing the Successor Reference Rate or Alternative Reference Rate (as applicable) and the Adjustment Spread (and the effective date(s) thereof), pursuant to this Condition 5B.4H to the Trustee, the Issue and Paying Agent and the Holders.
- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as may be required to give effect to any application of this Condition 5B.4H, including, but not limited to:
  - (i) changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (A) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
  - (ii) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable),

Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 5B.4H and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee

shall not be liable to the Holders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 5B.4H).

The Trustee shall not be obliged to agree to any modification 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 5B.4H or such other relevant adjustments pursuant to this Condition 5B.4H, or the Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

For the purposes of this Condition 5B.4H:

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

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is customarily applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (c) if the relevant Independent Adviser or the Issuer (as applicable) determines there is no such spread, formula or methodology customarily applied, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines 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 such Successor Reference Rate or Alternative Reference Rate (as applicable);



“Alternative Reference Rate” means the rate which is customarily applied in international debt capital markets transactions for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate;

“Benchmark Event” means:

- (a) the Original Reference Rate ceasing to be published for at least five consecutive Business Days or ceasing to exist or be administered; or
- (b) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such rate) and (ii) the date falling six months prior to the specified date referred to in (b)(i); or
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (d)(i); or
- (e) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means such rate will be prohibited from being used, either generally or in respect of the Notes, or that such use will be subject to restrictions or adverse consequences, in each case on or before a specified date, and (ii) the date falling six months prior to the specified date referred to in (e)(i); or
- (f) the making of an official announcement or the publication of information by the supervisor of the administrator of the Original Reference Rate stating that such rate is no longer representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); or
- (g) the later of (i) the making of an official announcement or the publication of information by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or before a specified date, no longer be, representative of the underlying market or economic

reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor) and (ii) the date falling six months prior to the specified date referred to in (g)(i); or

- (h) it has become, or will become prior to the next Interest Determination Date, unlawful for any Paying Agent, the Issuer or any other party specified in the Final Terms as being responsible for such calculations to calculate any payments due to be made to any Holder or Couponholder using the Original Reference Rate.

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any relevant component part(s) thereof) on the Notes (or, if applicable, any other successor or alternative rate (or component part thereof)) determined and applicable to the Notes pursuant to the earlier operation of this Condition 5B.4H;

“Relevant Nominating Body” means, in respect of any Original Reference Rate:

- (a) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Successor Reference Rate” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Original Reference Rate by any Relevant Nominating Body;

#### **5B.5 *Minimum Rate of Interest and/or Maximum Rate of Interest***

If the Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5B above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 5B above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

**5B.6** *Determination of Rate of Interest and calculation of Interest Amounts*

The Issue and Paying Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent will notify the Issue and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Issue and Paying Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent, will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B)

the actual number of days in that portion of the Interest 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 Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

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

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

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

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D2 will be 30; and

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

$$\text{Day Count Fraction} = \frac{[360 \times (Y - Y)] + [30 \times (M - M)] + (D - D)}{360}$$

where:

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

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest 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.

#### **5B.7** *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Final Terms, the Rate of Interest for such Interest 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 as applicable in the Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest 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 Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

#### **5B.8** *Notification of Rate of Interest and Interest Amounts*

The Calculation Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Holders in accordance with Condition 14. For the purposes of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London.

#### **5B.9** *Determination or calculation on default*

If for any reason at any relevant time the Issue and Paying Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with Condition 5B.3 or 5B.4, as the case may be, and in each case in accordance with Conditions 5B.6 and 5B.7 the Issuer shall

determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5B, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Issue and Paying Agent or the Calculation Agent, as applicable.

#### **5B.10 Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5B, whether by the Issue and Paying Agent or, if applicable, the Calculation Agent or (in the context of Condition 5B.4H only) an Independent Adviser shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Issue and Paying Agent or, if applicable, the Calculation Agent or (in the context of Condition 5B.4H only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

#### **5C Accrual of interest**

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption (being the Maturity Date or any other date for redemption pursuant to these Conditions) unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### **6. PAYMENTS**

#### **6.1 Method of payment**

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and which, in the case of a payment on a Note in bearer form for U.S. federal income tax purposes, shall be an account outside the United States, except as may be permitted by U.S. federal income tax law) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (in no

event, however, shall payment in respect of a Note in bearer form for U.S. federal income tax purposes be made by cheque mailed to an address in the United States); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be 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 8 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 8) any law implementing an intergovernmental approach thereto.

## **6.2 Presentation of Bearer Notes and Coupons**

Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "Long Maturity



Note” is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any Temporary or Permanent Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Temporary or Permanent Global Note in bearer form, where applicable, against presentation or surrender, as the case may be, of such Temporary or Permanent Global Note in bearer form at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Temporary or Permanent Global Note in bearer form by the Paying Agent to which it was presented or in the records of Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg”), as applicable.

The Holder of a Temporary or Permanent Global Note in bearer form shall be the only person entitled to receive payments in respect of Notes represented by such Temporary or Permanent Global Note in bearer form and the Issuer will be discharged by payment to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Temporary or Permanent Global Note in bearer form must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, for its share of each payment so made by the Issuer to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form.

### **6.3 U.S. Paying Agent**

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in US dollars, such US dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### **6.4 Registered Notes**

Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the Holder (or the first named of joint Holders) of the Registered Note appearing in the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. Notwithstanding the previous sentence, if: (i) a Holder does not have a Designated Account; or (ii) the nominal amount of the Registered Notes held by a Holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency) payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank (as defined below). For these purposes, “Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a Holder with a Designated Bank and identified as such in the register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the Holder (or the first named of joint Holders) of the Registered Note appearing in the register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the “Record Date”) at its address shown in the register on the Record Date and at its risk. Upon application of the Holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest

due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until the Registrar is notified in writing to the contrary by such Holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

## **6.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 9) is:

- (i) 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 the relevant place of presentation (in the case of Notes in definitive form only), London and each Additional Financial Centre specified in the Final Terms; and
- (ii) either: (1) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

## **6.6 Interpretation of principal and interest**

Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;

- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and
- (vi) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **7. REDEMPTION AND PURCHASE**

### **7.1 Redemption of Notes at Maturity**

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the Final Terms in the relevant Specified Currency on the Maturity Date specified in the Final Terms.

### **7.2 Redemption for tax reasons**

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 14 (which notice shall be irrevocable), if immediately prior to the giving of such notice the Issuer satisfies the Trustee that the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political sub-division or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes and such obligation cannot be avoided by the Issuer taking reasonable measures available to it; provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

The Issuer shall be deemed to have satisfied the Trustee as referred to in the preceding paragraph if prior to the publication of any notice of redemption pursuant to this Condition 7.2, the Issuer shall have delivered to the Trustee: (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional

amounts as a result of such change or amendment. Upon the expiry of any such notice as is referred to in this Condition 7.2, the Issuer shall be bound to redeem the Notes in accordance with this Condition 7.2.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together, if appropriate, with interest accrued to (but excluding) the date of redemption.

### **7.3 Redemption at the option of the Issuer (Issuer Call)**

If Issuer Call is specified as being applicable in the Final Terms, the Issuer may, having given:

- (i) not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i) above, notice to the Issue and Paying Agent and the Trustee,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than a Higher Redemption Amount. In the case of a partial redemption of Notes in definitive form, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). A list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

For the purposes of this Condition 7.3, the Optional Redemption Amount shall be, as specified in the Final Terms, (i) the Make Whole Redemption Price or (ii) the amount per Calculation Amount specified in the Final Terms.

If Spens Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Determination Agent.

If Make Whole Redemption Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount calculated by the Determination Agent equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed

and (ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) and such present values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin.

In this Condition 7.3:

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“FA Selected Bond” means a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the Maturity Date;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee’s fees by the Issuer;

“Redemption Margin” shall be as set out in the Final Terms;

“Reference Bond” shall be as set out in the Final Terms or the FA Selected Bond;

“Reference Bond Price” means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date;

“Reference Date” will be set out in the relevant notice of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“Remaining Term Interest” means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term to the Maturity Date determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date.

#### **7.4 Redemption at the option of the Holders of the Notes (Investor Put)**

If Investor Put is specified as being applicable in the Final Terms, upon the Holder of any Note giving to the Issuer in accordance with Condition 14 not less than 15 nor more than 30 days’ notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form, to exercise the right to require redemption of this Note the Holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent and in which the Holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition.

#### **7.5 Early Redemption Amount**

For the purpose of Conditions 7.2 and 10, each Note will be redeemed at the Early Redemption Amount calculated as follows:

- (i) at the amount specified in the Final Terms or, if no such amount or manner is so specified in the Final Terms, at its nominal amount; or
- (ii) in the case of a Zero Coupon Note, at an amount (the “Amortised Face Amount”) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

“RP” means the Reference Price;

“AY” means the Accrual Yield expressed as a decimal; and

“y” is the Day Count Fraction specified in the Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

## **7.6 Purchases**

The Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, any unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

## **7.7 Cancellation**

All Notes which are redeemed or purchased will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issue and Paying Agent and cannot be re-issued or resold.

## **7.8 Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(ii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and



- (ii) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Issue and Paying Agent, the Registrar or the Trustee, as the case may be, and notice to that effect has been given to the Holders in accordance with Condition 14.

## 8. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority of, or in, the United Kingdom having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction; except that no such additional amounts shall be payable in relation to any Note or Coupon:

- (i) presented for payment by, or on behalf of, a Holder who is liable for such taxes, duties or governmental charges in respect of such Note or Coupon by reason of its having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or
- (ii) presented for payment by, or on behalf of, a Holder who would be able to avoid such withholding or deduction by complying with any statutory requirements (including, but not limited to, obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of non-residence), but fails to do so; or
- (iii) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5).

As used in these Conditions, the “Relevant Date” means the date on which such payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Issue and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 14.

## **9. PRESCRIPTION**

Claims in respect of principal and interest or other sums payable hereunder will be prescribed unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date (as defined in Condition 8) in relation thereto, subject to the provisions of Condition 6.2.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 9 or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## **10. EVENTS OF DEFAULT AND ENFORCEMENT**

The Trustee at its discretion may, and if so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Holders shall (subject to in each case being indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust Deed), (but, in the case of the happening of any of the events mentioned in paragraphs (ii), (v), (vi) and (vii) below in relation to the Issuer and (iii) to (vii) below (inclusive) in relation to the Principal Subsidiary, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Holders) give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable at their Early Redemption Amount (as referred to in Condition 7.5), together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing:

- (i) if default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them; or
- (ii) if default is made by the Issuer in the performance or observance of any obligation, condition or provision binding upon it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the Issuer requiring the same to be remedied; or
- (iii) if an order is made or an effective resolution is passed for the winding-up of, or an administration order is made in relation to, the Issuer or the Principal Subsidiary (save, in the case of the Principal Subsidiary, (a) with the prior written consent of the Trustee or the prior sanction of an Extraordinary Resolution of the Holders for the purposes of or in connection with an amalgamation or reconstruction, or (b) a voluntary solvent winding-up where surplus assets are available for distribution); or

- (iv) if the Issuer or the Principal Subsidiary stops or threatens to stop payment to its creditors generally or the Issuer or the Principal Subsidiary ceases or threatens to cease to carry on its business or substantially the whole of its business (except for the purposes of, or in connection with, a reconstruction or amalgamation the terms of which have previously been approved in writing by the Trustee or an Extraordinary Resolution of the Holders or, in the case of the Principal Subsidiary, such a winding-up as is referred to in (iii)(b) above); or
- (v) if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the undertaking, property and assets of the Issuer or the Principal Subsidiary or if a distress or execution is levied or enforced upon or sued out against the whole or any substantial part of the chattels or property of the Issuer or the Principal Subsidiary and, in the case of any of the foregoing events, is not discharged within 60 days or such longer period as the Trustee may allow; or
- (vi) if the Issuer or the Principal Subsidiary is unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act 1986; or
- (vii) if any indebtedness for moneys borrowed (as defined below) of the Issuer or the Principal Subsidiary (which indebtedness in respect of any single company has an outstanding aggregate principal amount of at least £30,000,000 (or its equivalent in any other currency or currencies)) is not paid on its due date as extended by any applicable grace period and following a demand therefor or is declared to be or automatically becomes due and payable prior to its stated maturity by reason of default or if any guarantee or indemnity in respect of indebtedness for moneys borrowed of any third party given by the Issuer or the Principal Subsidiary (having in respect of any single company an outstanding aggregate principal amount as aforesaid) is not honoured when due and called upon and, in any such case, the liability of the Issuer or the Principal Subsidiary, as the case may be, to make payment is not being contested in good faith.

“Indebtedness for moneys borrowed” means the principal amount of (a) all moneys borrowed and (b) all debentures (together in each case with any fixed or minimum premium payable on final redemption or repayment) which are not for the time being beneficially owned by Prudential or any of its Subsidiaries.

The Trustee may at its discretion institute such proceedings as it may think fit to enforce the obligations of the Issuer under the Trust Deed, the Notes and the Coupons but it shall not be bound to institute any such proceedings or take any other action under or pursuant to the Trust Deed unless (a) it shall have been so directed by an Extraordinary Resolution of the Holders or so requested in writing by the Holders of at least one-quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust

Deed. No Holder shall be entitled to institute proceedings directly against the Issuer unless the Trustee having become bound so to proceed fails to do so within a reasonable time and such failure is continuing.

#### **11. REPLACEMENT OF NOTES, COUPONS AND TALONS**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

#### **12. PAYING AGENTS**

The name of the initial Paying Agents and their specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

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

In addition, the Issuer shall appoint a Paying Agent approved in writing by the Trustee having a specified office in New York City in the circumstances described in Condition 6.3. Notice of any variation, termination, appointment or change in Paying Agents will be given to Holders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

### **13. EXCHANGE OF TALONS**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issue and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. NOTICES**

All notices regarding Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of publication in the last of such newspapers.

Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issue and Paying Agent.

### **15. MEETINGS OF HOLDERS, MODIFICATION, WAIVER, DETERMINATION AND SUBSTITUTION ETC.**

#### **15.1 Meetings**

The Trust Deed contains provisions for convening meetings of the Holders (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 of a modification of the Notes and the Coupons relating to them or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request of Holders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the

Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting and on all Holders of Coupons.

The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the Holder or the Holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding.

## **15.2 Modifications**

The Trustee may agree, without the consent of the Holders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or determine that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee, is proven.

Any modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14.

The Trustee shall be obliged to concur with the Issuer in effecting any amendments to the interest calculation provisions and provisions related thereto of the Notes in the circumstances and as otherwise set out in Condition 5B without the requirement for the consent or sanction of the Holders or Couponholders.

## **15.3 Substitution**

- (a) Subject as provided in the Trust Deed, the Trustee, if it is satisfied that to do so would not be materially prejudicial to the interests of the Holders, may agree with the Issuer, without the consent of the Holders, to the substitution in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons of:
- (i) any Subsidiary of the Issuer; (ii) any successor in business of the Issuer; (iii) any Holding Company of the Issuer; or (iv) any other Subsidiary of such Holding Company provided that except where the new principal debtor is the successor in business or Holding Company of the Issuer the obligations of such new principal debtor under the Trust Deed, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its Holding Company.

- (b) Any substitution in accordance with the provisions of this Condition 15.3 shall be binding on the Holders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 14.

In this Condition 15.3:

“Holding Company” means a parent undertaking within the meaning set out in section 1162 of the Companies Act 2006;

#### **15.4 Exercise of Trustee’s powers and discretions**

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders, except to the extent already provided for in Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

#### **16. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes (such notes being “Further Notes”). The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of the notes of other series in circumstances where the Trustee so decides. Unless otherwise specified, references in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes.

#### **17. Governing Law**

The Trust Deed, the Notes and the Coupons (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law.

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

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.



## TERMS AND CONDITIONS OF TIER 2 NOTES

*The following, except for paragraphs in italics (which are in the nature of explanatory notes and do not form part of the Terms and Conditions of the Tier 2 Notes), are the Terms and Conditions of the Tier 2 Notes (the “Notes”) which, as completed in accordance with the provisions of Part A of the applicable Final Terms, will be applicable to each Tranche of Notes. Either: (i) the full text of these Terms and Conditions together with the relevant provisions of Part A of the Final Terms; or (ii) these Terms and Conditions as so completed, shall be endorsed on the Bearer Notes (as defined below) or on the certificates relating to the Registered Notes (as defined below). Certain provisions relating to such Notes while in global form, and certain modifications of these Terms and Conditions applicable to such Notes while in global form, are described in the section entitled “Provisions relating to the Notes while in Global Form”.*

This Note is issued by M&G plc the (“Issuer”) and is one of a Series (as defined below) of Notes constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 10 August 2021 and made between the Issuer and The Law Debenture Trust Corporation p.l.c. as trustee (the “Trustee”, which expression shall include any successor trustee) for the Holders (as defined below) of such Notes. References herein to the “Notes” shall be references to the Notes of this Series. As used herein, “Tranche” means Notes which are identical in all respects (including as to listing) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are: (i) expressed to be consolidated and form a single series; and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as modified and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 10 August 2021 and made between the Issuer, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the “Issue and Paying Agent”, which expression shall include any successor agent), Citibank, N.A., London Branch as registrar in respect of Notes in registered form and as paying agent (the “Registrar”, which expression shall include any successor registrar and together with the Issue and Paying Agent, unless the context otherwise requires, the “Paying Agents”, which expression shall include any additional or successor paying agents) and the Trustee.

The Final Terms for this Note (or the relevant provisions thereof) are attached to or endorsed on this Note and complete these Terms and Conditions (these “Conditions”) for the purposes of this Note. References to the “Final Terms” are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Copies of the Trust Deed and the Agency Agreement are available for inspection on weekdays during normal business hours at the registered office of the Issuer, the registered office for the time being of the Trustee (being at 8<sup>th</sup> Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified office of the Issue and Paying Agent. Copies of the Final Terms are available for viewing on weekdays during normal business hours at the registered office for the time being of the Issuer, the registered office for the time being of the Trustee and the specified office of the Issue and Paying Agent. In addition, copies of each Final Terms relating to Notes which are admitted to trading on the London Stock Exchange’s regulated market will be published on the website of the London Stock Exchange through a regulatory information service. Copies of each Final Terms

relating to Notes which are admitted to trading on (i) any regulated market in the European Economic Area will be published in accordance with Article 21(2) of Regulation (EU) 2017/1129 or (ii) any other regulated market in the United Kingdom will be published in accordance with Article 21(2) of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA, and in each case in accordance with the rules and regulations of the relevant regulated market in the European Economic Area or the United Kingdom. The Holders are deemed to have notice of, are entitled to the benefit of, and are bound by, all the provisions of the Trust Deed, the Agency Agreement and the Final Terms which are applicable to them. The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

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

## **1. Form and Denomination**

### **1.1 Form**

Notes are issued in bearer form (“Bearer Notes”) or in registered form (“Registered Notes”), as specified in the Final Terms, serially numbered and in the currency (the “Specified Currency”) and the denomination(s) (the “Specified Denomination(s)”) specified in the Final Terms, provided that, in the case of Notes which are to be admitted to trading on a regulated market within the European Economic Area, the minimum Specified Denomination shall be €1,000 (or its equivalent in any other currency as at the date of issue of the relevant Note). Registered Notes are not exchangeable for Bearer Notes or vice versa. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

### **1.2 Coupons and Talons**

Interest-bearing definitive Bearer Notes have attached thereto, at the time of their initial delivery, coupons (“Coupons”), presentation of which will be a prerequisite to the payment of interest save in certain circumstances specified herein. In addition, such Notes may have attached thereto, at the time of their initial delivery, a talon (“Talon”) for further coupons and the expression “Coupons” shall, where the context so requires, include Talons.

### **1.3 Interest basis**

This Note may be a Fixed Rate Note, a Floating Rate Note (which term shall include an €STR Linked Interest Note, a SONIA Linked Interest Note, a Federal Funds Rate Linked Interest Note, a CMS Linked Interest Note, a Compounded Daily SOFR Linked Interest Note or a Weighted Average SOFR Linked Interest Note if this Note is specified as such

in the Final Terms), a Reset Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the Final Terms.

*The Solvency II Regulations require that the Notes may only include limited incentives for the Issuer to exercise a right of early redemption in respect of the Notes. Such incentives may include an increase in the rate of interest applicable to the Notes that does not occur prior to the tenth anniversary of the Issue Date of the Notes.*

*To satisfy these requirements, where an increase in the rate of interest applicable to the Notes takes effect on or following the tenth anniversary of the Relevant Issue Date of the Notes, the rate of interest applicable to the Notes following such increase shall be no greater than the higher of (i) 100 basis points, less the swap spread between the initial index basis and the stepped-up index basis, and (ii) 50% of the initial credit spread, less the swap spread between the initial index basis and the stepped-up index basis, or otherwise in compliance with the Capital Regulations applicable to Tier 2 Capital from time to time.*

#### **1.4 Denomination of Bearer Notes**

Bearer Notes are in the Specified Denomination or Specified Denominations specified in the Final Terms.

#### **1.5 Denomination of Registered Notes**

Registered Notes are in the minimum Specified Denomination or Specified Denominations specified in the Final Terms or integral multiples thereof.

#### **1.6 Currency of Notes**

The Notes are denominated in the Specified Currency specified in the Final Terms. Any currency may be so specified, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

### **2. Title and Transfer**

#### **2.1 Title to Bearer Notes**

Title to Bearer Notes and Coupons passes by delivery. References herein to the “Holders” in relation to Bearer Notes or Coupons are to the bearers of such Bearer Notes or such Coupons.

#### **2.2 Title to Registered Notes**

Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar. References herein to the “Holders” in relation to Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

### **2.3 Holder as owner**

The Holder of any Bearer Note, Coupon or Registered Note will (except as otherwise required by applicable law or any regulatory requirement) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest thereof or therein, any writing thereon or any theft or loss thereof) and no person shall be liable for so treating such Holder.

### **2.4 Transfer of Registered Notes**

A Registered Note may, upon the terms and subject to the conditions set forth in the Agency Agreement, be transferred in whole or in part (provided that such part is, or is an integral multiple of, the minimum Specified Denomination specified in the Final Terms) upon the surrender of the Registered Note to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. A new Registered Note will be issued to the transferee and, in the case of a transfer of part only of a Registered Note, a new Registered Note in respect of the balance not transferred will be issued to the transferor.

### **2.5 New Registered Notes**

Each new Registered Note to be issued upon the transfer of a Registered Note will, within five Relevant Banking Days of the Transfer Date, be available for collection by each relevant Holder at the specified office of the Registrar or, at the option of the Holder requesting such transfer, be mailed (by uninsured post at the risk of the Holder(s) entitled thereto) to such address as may be specified by such Holder. For these purposes, a form of transfer received by the Registrar after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar until the day following the due date for such payment.

### **2.6 No charges upon transfer**

The issue of new Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the applicant of (or the giving by the applicant of such indemnity as the Issuer or the Registrar may require in respect of) any tax, duty or other governmental charge of whatsoever nature which may be levied or imposed in relation thereto.

### **2.7 144A Legend**

- (a) Upon the transfer or replacement of Definitive Registered Notes or Rule 144A Global Notes bearing the 144A legend (the "144A Legend") set forth in the relevant form of Registered Note scheduled to the Trust Deed, or upon specific request for removal of the 144A Legend, the Registrar shall deliver only Registered Notes that also bear such legend unless there is delivered to the Issuer and the Registrar such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of counsel experienced in giving opinions with respect to questions arising under the securities laws of the

United States, that neither such legend nor the restrictions on transfer set forth therein are required in order to maintain compliance with the provisions of such laws.

- (b) The Issuer covenants and agrees that it will not acquire any beneficial interest, and will cause its affiliates not to acquire any beneficial interest, in any Registered Note bearing the 144A Legend unless it notifies the Registrar of such acquisition. Each Paying Agent, the Registrar, the Trustee and all Holders shall be entitled to rely without further investigation on any such notification (or lack thereof).

## **2.8 Information to Holders**

For so long as any of the Registered Notes bearing the 144A Legend remains outstanding and is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the “Securities Act”), the Issuer covenants and agrees that it shall, during any period in which it is not subject to Section 13 or 15(d) under the United States Securities Exchange Act 1934, as amended (the “Exchange Act”), nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any Holder at the specified office of each of the Paying Agents and the Registrar in connection with any sale thereof and any prospective purchaser of such Notes from such Holder, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) in relation to it, under the Securities Act.

## **3. Status of the Notes**

The Notes and any relative Coupons constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.

## **4. Regulatory capital**

### **4.1 Regulatory capital status**

The Notes are intended to constitute Tier 2 Capital of the Issuer and of the Group from time to time. More particularly, it is intended that this Note should constitute Tier 2 Own Funds of the Issuer and of the Group as at the Issue Date of this Note.

### **4.2 Regulatory capital conditions**

These Conditions and the Final Terms shall be subject to, and shall be qualified in their entirety by, the terms and conditions set out in this Condition 4. Nothing in any other Condition or provision of the Final Terms shall, nor shall it be implied to, modify or amend the terms and conditions set out in this Condition 4 at any time.

### **4.3 Minimum maturity of Dated Notes**

Unless previously redeemed, substituted or purchased and cancelled in compliance with the requirements of this Condition 4, the Maturity Date of Dated Notes shall occur no earlier than the tenth anniversary of the Relevant Issue Date of those Notes.

#### 4.4 Subordination

The rights of Holders of the Notes and any relative Coupons against the Issuer to payment of any amounts under or arising from the Notes, any relative Coupons and the Trust Deed relating to them or arising therefrom are, in the event of the winding-up of the Issuer, subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors, but shall rank at least *pari passu* with all other obligations of the Issuer which constitute or would, but for any applicable limitation on the amount of such capital, constitute Tier 2 Capital and in priority to those whose claims constitute or would, but for any applicable limitation on the amount of such capital, constitute Tier 1 Capital and in priority to the claims of holders of all classes of share capital of the Issuer.

#### 4.5 Solvency Condition

- (a) All payments under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, other than payments to the Trustee made in accordance with the Trust Deed in respect of, *inter alia*, the Trustee's fees, and remuneration and expenses and liabilities incurred by the Trustee in carrying out its duties under the Trust Deed, shall be conditional upon the Issuer satisfying the Solvency Condition both at the time of, and immediately after, any such payment.
- (b) The Issuer will not make any payment and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom unless the Issuer satisfies the Solvency Condition both at the time of, and immediately after, any such payment. For this purpose, the Issuer shall satisfy the Solvency Condition if:
  - (i) it is able to pay its debts to all Senior Creditors, the Holders of the Notes and the holders of any Parity Securities, as they fall due; and
  - (ii) its total Assets exceed total Liabilities, other than Liabilities to persons that are neither Senior Creditors nor the Holders of the Notes nor the holders of Parity Securities, by at least 4 per cent. or such other percentage specified by the PRA from time to time as the Regulatory Capital Requirement.
- (c) A report as to the solvency of the Issuer by two Directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the Auditors, or, if there is a winding-up of the Issuer in England and Wales, the liquidator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Holders of the Notes and any relative Coupons as correct and sufficient evidence thereof.

*If the Issuer does not satisfy the Solvency Condition both at the time of, and immediately after, payment, the amount of any payments which would otherwise have been payable in respect of the Notes, but are not paid by reason of the Solvency Condition not being satisfied, will be available to meet losses of the Issuer.*

#### **4.6 Solvency Capital Requirement and Minimum Capital Requirement**

- (a) All payments under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, other than payments to the Trustee made in accordance with the Trust Deed in respect of, *inter alia*, the Trustee's fees, and remuneration and expenses and liabilities incurred by it in carrying out its duties under the Trust Deed, shall, unless otherwise permitted by the PRA, be conditional upon both the Solvency Capital Requirement and the Minimum Capital Requirement being met both at the time of, and immediately after, any such payment.
- (b) Unless otherwise permitted by the PRA, the Issuer will not make any payment and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, unless both the Solvency Capital Requirement and the Minimum Capital Requirement are met both at the time of, and immediately after, any such payment.
- (c) A report as to the Issuer's compliance with the Solvency Capital Requirement or the Minimum Capital Requirement (or both) signed by two Directors of the Issuer or, if there is a winding-up of the Issuer in England and Wales, the liquidator of the Issuer shall, in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the Holders of the Notes and any relative Coupons as correct and sufficient evidence thereof.

*If the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, the amount of any payments which would otherwise have been payable in respect of the Notes, but are not paid by reason of the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being satisfied, will be available to meet losses of the Issuer.*

#### **4.7 Arrears of Interest**

- (a) If the Issuer does not make any interest payment as a result of the Issuer not satisfying the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met, both at the time of, and immediately after, such payment, or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant payment date, or following an election made by the Issuer pursuant to Condition 6 or Condition 7, that payment shall constitute Arrears of Interest until paid.
- (b) No interest will accrue on Arrears of Interest.
- (c) Arrears of Interest may be paid in whole or in part (as specified in the notice given by the Issuer) at any time upon the Issuer giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders in accordance with Condition 21 not less than five Business Days prior to the proposed date for payment.

- (d) Arrears of Interest will become payable in full on the redemption of the Notes or purchase of the Notes by or on behalf of the Issuer or, subject to the provisions of Conditions 4.4, 4.5, 4.6 and 5, upon the commencement of the winding-up of the Issuer, but so that in the case of payment of only part of the Arrears of Interest, the interest accrued during any Interest Period shall not be paid prior to that accrued during an earlier Interest Period.
- (e) Unless otherwise permitted by the PRA, the Issuer will not pay any amount in respect of Arrears of Interest and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, unless the Issuer satisfies the Solvency Condition, and both the Solvency Capital Requirement and the Minimum Capital Requirement are met, both at the time of, and immediately after, any such payment, and no Insolvent Insurer Winding-up has occurred and is continuing on the proposed date for payment.

#### **4.8 Conditions to redemption, variation, substitution, conversion and purchase**

- (a) Except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem, vary, substitute, convert or purchase any Notes unless the Issuer has given prior notice to the PRA and the PRA has given its prior approval or consented in the form of a waiver or otherwise to, or has given due notification of non-objection in writing in respect of, such redemption, variation, substitution, conversion or purchase, in each case in accordance with the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time.
- (b) Neither the Issuer nor any Subsidiary may redeem or purchase any Notes unless on and immediately after the relevant Redemption Date or date on which the Notes are to be purchased:
  - (i) the Issuer is in compliance with the Regulatory Capital Requirement;
  - (ii) the Issuer satisfies the Solvency Condition;
  - (iii) both the Solvency Capital Requirement and the Minimum Capital Requirement are met; and
  - (iv) no Insolvent Insurer Winding-up has occurred and is continuing,or, in each case, as otherwise permitted by the PRA.
- (c) The PRA may impose further conditions on any redemption, variation, substitution, conversion or purchase at the relevant time.
- (d) The Trustee shall be entitled to rely on a certificate signed by two Directors of the Issuer as to whether or not the conditions to redemption, substitution, variation or



purchase are met, including as to whether an Insolvent Insurer Winding-up has occurred and is continuing and, if the Trustee does so rely, such certificate shall, in the absence of manifest error, be conclusive and binding on the Holders.

#### **4.9 Postponement of Redemption Date**

- (a) If redemption of the Notes is to be postponed as a result of one or more of the conditions set out in Condition 4.8 not being met, the Issuer shall notify the Trustee and the Issue and Paying Agent in writing and notify the Holders in accordance with Condition 21 no later than two Business Days prior to the scheduled Redemption Date (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than two Business Days prior to the Redemption Date).
- (b) If redemption does not occur on the relevant Redemption Date as a result of the Issuer not satisfying the Solvency Condition both on, and immediately after, the relevant Redemption Date, or because the PRA has not given its prior approval or consented in the form of a waiver or otherwise to, or has not given due notification of non-objection in writing in respect of, such redemption, in each case in accordance with the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, the Notes shall be redeemed at their principal amount outstanding or, if applicable, the Make Whole Redemption Price, on the date falling 10 Business Days after the first date following the relevant Redemption Date on which the Issuer satisfies the Solvency Condition and would continue to do so if the Notes were redeemed on such date and on which the PRA has given its prior approval or consented in the form of a waiver or otherwise to, or has given due notification of non-objection in writing in respect of, such redemption, in each case in accordance with the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time .
- (c) No interest will accrue on any amounts not paid on the Notes as a result of the Issuer not satisfying the Solvency Condition both on and immediately after the relevant Redemption Date, provided, however, that interest will accrue at the rate of interest specified in Condition 8 (in the case of Fixed Rate Notes), Condition 9 (in the case of Reset Notes), Condition 10 (in the case of Floating Rate Notes) or Condition 11 (in the case of Fixed/Floating Rate Notes) on such amounts from (and including) the 14th day following the date on which such amounts become due and payable as set out in paragraph (b) of this Condition 4.9 to (but excluding) the date on which such amounts are paid.
- (d) If redemption does not occur on the Redemption Date as a result of either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met both on, and immediately after, the relevant Redemption Date, or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant Redemption Date, the Notes shall be redeemed at their principal amount

outstanding or, if applicable, the Make Whole Redemption Price upon the earlier of:

- (i) the date falling 10 Business Days after the first date following the relevant Redemption Date on which both the Solvency Capital Requirement and the Minimum Capital Requirement are met and would continue to be met if the Notes were redeemed on such date, and on which no Insolvent Insurer Winding-up has occurred and is continuing;
- (ii) the date falling 10 Business Days after the date on which the PRA has notified the Issuer of its waiver of the suspension of or agreement to the repayment or redemption of the Notes; and
- (iii) the date on which an order is made, or an effective resolution is passed, for the winding-up in England and Wales of the Issuer (except a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer the terms of which reconstruction, amalgamation or substitution:
  - (A) have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and
  - (B) do not provide that the Notes shall thereby become payable).
- (e) No interest will accrue on any amounts not paid on the Notes as a result of either the Solvency Capital Requirement or the Minimum Capital Requirement (or both) not being met both on, and immediately after, the relevant Redemption Date or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant Redemption Date, provided, however, that interest will accrue at the rate of interest specified in Condition 8 (in the case of Fixed Rate Notes), Condition 9 (in the case of Reset Notes), Condition 10 (in the case of Floating Rate Notes) or Condition 11 (in the case of Fixed/Floating Rate Notes) on such amounts from (and including) the 14th day following the date on which such amounts become due and payable as set out in paragraph (d) of this Condition 4.9 to (but excluding) the date on which such amounts are paid.
- (f) The Issuer shall notify the Trustee and the Issue and Paying Agent in writing and notify the Holders in accordance with Condition 21 no later than five Business Days prior to the date on which the Notes are due to be redeemed pursuant to paragraph (b) or paragraph (d) of this Condition 4.9 of the revised Redemption Date.
- (g) The Issuer may not redeem any Notes pursuant to this Condition 4.9 unless the conditions to redemption set out in Condition 4.8 are met in respect of the revised Redemption Date.

#### **4.10 No default**

If the Issuer fails to pay any amount under or arising from the Notes, any relative Coupons and the Trust Deed relating to them:

- (i) in respect of which the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, both at the time of, and immediately after, the time at which the same would otherwise be due and payable;
- (ii) because an Insolvent Insurer Winding-up has occurred and is continuing on the proposed date for payment; or
- (iii) because any of the other conditions in Condition 4.8 are not met,

such failure to pay shall not constitute a default for any purpose (including, but without limitation, Condition 17) on the part of the Issuer.

#### **4.11 Solvency Claims**

- (a) Without prejudice to the rest of these Conditions, amounts representing payments of any amount under or arising from the Notes, any relative Coupons and the Trust Deed relating to them in respect of which the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, both at the time of, and immediately after, the time at which the same would otherwise be due and payable (“Solvency Claims”), or an Insolvent Insurer Winding-up has occurred and is continuing on the relevant payment date, will be payable by the Issuer in a winding-up of the Issuer as provided in Condition 4.4.
- (b) A Solvency Claim shall not bear interest, except in the limited circumstances referred to in Condition 4.9.

#### **4.12 Set-off and counterclaim**

By acceptance of the Notes, each Holder of the Notes and the Trustee, on behalf of such Holders, will be deemed to have waived any right of set-off or counterclaim that such Holders might otherwise have against the Issuer whether prior to or in bankruptcy or winding-up. Notwithstanding the preceding sentence, if any of the rights and claims of any Holder of the Notes are discharged by set-off, such Holder will immediately pay an amount equal to the amount of the rights and claims so discharged to the Issuer or, if applicable, the liquidator or the Trustee and, until payment is made, will hold a sum equal to such amount on trust for the Issuer or, if applicable, the liquidator or the Trustee in the Issuer’s winding-up. Accordingly, such discharge will be deemed not to have taken place.

#### **4.13 Events of default and enforcement**

- (a) No remedy shall be available to the Trustee or any Holder against the Issuer, whether for the recovery of amounts owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom, other than as provided for in Condition 17.
- (b) Notwithstanding any other provisions of these Conditions, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment of amounts owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom, has become due.
- (c) No amount owing in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes, the Coupons or under the Trust Deed relating to them or arising therefrom shall be due if the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not satisfied both at the time of, and immediately after, the time at which the same would otherwise be due and payable, or an Insolvent Insurer Winding-up has occurred and is continuing on the relevant payment date, or if the Issuer has elected or is required (as applicable) to defer the payment of such amount pursuant to Condition 5, Condition 6 or Condition 7.
- (d) The Trust Deed contains provisions entitling the Trustee to claim from the Issuer, *inter alia*, its fees and remuneration and the expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The provisions as to subordination and the restrictions on commencing proceedings described below will not apply to any such claims.

#### **5. Insolvent Insurer Winding-up**

- (a) All payments under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, other than payments to the Trustee made in accordance with the Trust Deed in respect of, *inter alia*, the Trustee's fees, and remuneration and expenses and liabilities incurred by it in carrying out its duties under the Trust Deed, shall, unless otherwise permitted by the PRA, be conditional upon no Insolvent Insurer Winding-up having occurred that is continuing at the time of any such payment.
- (b) Unless otherwise permitted by the PRA, the Issuer will not make any payment and any such payment shall not be payable under or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom, if an Insolvent

Insurer Winding-up has occurred and is continuing at the time of any such payment.

- (c) The Trustee shall be entitled to rely on a certificate signed by two Directors of the Issuer as to whether or not an Insolvent Insurer Winding-up has occurred and is continuing and, if the Trustee does so rely, such certificate shall, in the absence of manifest error, be conclusive and binding on the Holders.

#### **6. Deferral of Interest Payments – Issuer Discretion**

- (a) This Condition 6 is applicable to the Notes only if Optional Interest Deferral is specified as applicable in the Final Terms.
- (b) The Issuer may, by giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders of the Notes in accordance with Condition 21 not more than 16 nor less than two Business Days prior to the relevant Interest Payment Date, elect to defer interest payments on the Notes:
  - (i) where Dividend and Capital Restriction is specified as not applicable in the Final Terms, on any Interest Payment Date; and
  - (ii) where Dividend and Capital Restriction is specified as applicable in the Final Terms, on any Interest Payment Date which is not a Compulsory Interest Payment Date,

provided that the Issuer may not give such notice if, at the time such notice is proposed to be given, a Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more. For the purposes of this Condition 6(b), the Trustee shall be entitled to accept a certificate, signed by two Directors of the Issuer, stating that no Regulatory Event has occurred and has been subsisting at such time for a continuous period of 180 days or more as sufficient evidence thereof, in which event it shall be conclusive and binding on the Holders.

- (c) Notwithstanding any other provision in these Conditions or the Trust Deed, any payment which for the time being is not made on Notes by virtue of this Condition 6 shall not constitute a default for any purpose (including, but without limitation, Condition 17) on the part of the Issuer.

#### **7. Deferral of Interest Payments – Capital Adequacy Condition**

- (a) This Condition 7 is applicable to the Notes only if Capital Adequacy Interest Deferral is specified as applicable in the Final Terms.
- (b) The Issuer may, by giving notice thereof to the Trustee and the Issue and Paying Agent in writing and to the Holders of the Notes in accordance with Condition 21 not more than 16 nor less than two Business Days prior to the relevant Interest Payment Date, elect to defer interest payments on the Notes:

- (i) where Dividend and Capital Restriction is specified as not applicable in the Final Terms, on any Interest Payment Date on which the Issuer determines in its sole discretion (by reference to the Issuer's then current financial condition), on or after the 20th Business Day, but not later than the fifth Business Day, prior to such Interest Payment Date that the Capital Adequacy Condition will not be met both at the time of, and immediately after, making the relevant interest payment; and
- (ii) where Dividend and Capital Restriction is specified as applicable in the Final Terms, on any Interest Payment Date on which the Issuer determines in its sole discretion (by reference to the Issuer's then current financial condition), on or after the 20th Business Day, but not later than the fifth Business Day, prior to such Interest Payment Date that the Capital Adequacy Condition will not be met both at the time of, and immediately after, the relevant interest payment,

and such Interest Payment Date is not a Compulsory Interest Payment Date.

- (c) Notwithstanding any other provision in these Conditions or the Trust Deed, any payment which for the time being is not made on Notes by virtue of this Condition 7 shall not constitute a default for any purpose (including, but without limitation, Condition 17) on the part of the Issuer.

## **8. Fixed Rate Note Provisions**

### **8.1 Application**

This Condition 8 is applicable to the Notes only if the Fixed Rate Note Provisions are specified as applicable in the Final Terms.

### **8.2 Accrual of interest**

- (a) Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) (as specified in the Final Terms).
- (b) Each Fixed Rate Note (or, in the case of the redemption of part only of a Fixed Rate Note, that part only of such Fixed Rate Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### **8.3 Fixed Coupon Amount**

If the Notes are in definitive form, except as provided in the Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payment

of any Broken Amount will be made on the Interest Payment Date so specified in the Final Terms.

#### **8.4 Calculation of interest amount**

Except in the case of Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (i) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (ii) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

### **9. Reset Note Provisions**

#### **9.1 Application**

This Condition 9 is applicable to the Notes only if the Reset Note Provisions are specified as applicable in the Final Terms.

#### **9.2 Accrual of interest**

- (a) Each Reset Note bears interest:
  - (i) in respect of the period from (and including) the Interest Commencement Date to (but excluding) the Reset Date (or, if there is more than one Reset Period, the first Reset Date occurring after the Interest Commencement Date), at the rate per annum equal to the Initial Rate of Interest; and
  - (ii) in respect of the Reset Period (or, if there is more than one Reset Period, each successive Reset Period thereafter), at such rate per annum as is equal to the relevant Subsequent Reset Rate, as determined by the Calculation Agent on the relevant Reset Determination Date in accordance with this Condition 9,

payable, in each case, in arrear on the Interest Payment Dates(s) (as specified in the Final Terms).

- (b) The Issue and Paying Agent will calculate the Interest Amount payable on the Reset Notes for the relevant period by applying the Initial Rate of Interest or the applicable Subsequent Reset Rate (as the case may be) to:
- (i) in the case of Reset Notes that are represented by a Global Note, the aggregate outstanding nominal amount of the Reset Notes represented by such Global Note; or
  - (ii) in the case of Reset Notes in definitive form, the Calculation Amount,
- and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Reset Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Reset Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.
- (c) Each Reset Note (or, in the case of the redemption of part only of a Reset Note, that part only of such Reset Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

### **9.3 Subsequent Reset Rate Screen Page**

- (a) If on any Reset Determination Date the Subsequent Reset Rate Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Subsequent Reset Reference Rate at approximately the Subsequent Reset Rate Time on the Reset Determination Date in question.
- (b) If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Subsequent Reset Rate for the relevant Reset Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the applicable Reset Margin (if any), all as determined by the Calculation Agent.
- (c) If on any Reset Determination Date only one or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the foregoing provisions of this Condition 9.3, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest.



#### 9.4 Mid Swap Rate Replacement

If:

- (1) Mid Swap Rate Replacement is specified as applicable in the Final Terms; and
- (2) notwithstanding the provisions of Condition 9.3 above, a Benchmark Event occurs in relation to any Mid Swap Rate specified in the Final Terms when any Rate of Interest (or component thereof) remains to be determined by reference to such Mid Swap Rate (as applicable),

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine an Alternative Mid Swap Rate and such other adjustments (which may equal zero) as referred to in this Condition 9.4 (in each case acting in good faith and in a commercially reasonable manner) for the purposes of determining the Mid Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 9.4 during any other future Reset Period(s)).
- (b) Subject to paragraph (c) of this Condition 9.4, if:
  - (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner) determines no later than five Business Days prior to the Reset Determination Date relating to the next Reset Period (the "**IA Mid Swap Determination Cut-off Date**") that another rate (the "**Alternative Mid Swap Rate**") (x) has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Mid Swap Rate by any Relevant Nominating Body or (y) (if such Independent Adviser fails to determine a rate as described in (x) above) is customarily applied in international debt capital markets transactions for setting rates comparable to the Mid Swap Rate; or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.4 above fails to determine an Alternative Mid Swap Rate prior to the relevant IA Mid Swap Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner) determines no later than three Business Days prior to the Reset Determination Date relating to the next Reset Period (the "**Issuer Mid Swap Determination Cut-off Date**") that an Alternative Mid Swap Rate (x) has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Mid Swap Rate by any Relevant Nominating Body or (y) (if the Issuer fails to determine a rate as described in (x) above) is customarily applied in international debt

capital markets transactions for setting rates comparable to the Mid Swap Rate,

then the Mid Swap Rate for all future Reset Periods (subject to the subsequent operation of this Condition 9.4 during any other future Reset Period(s)) shall be the arithmetic mean of bid and offered rates determined as provided in these Conditions but as if references therein to the Mid Swap Rate, as applicable, were references to the Alternative Mid Swap Rate and with such adjustments (which may equal zero) as are (in the sole determination of such Independent Adviser or the Issuer (as applicable) acting in good faith and in a commercially reasonable manner) necessary to take account of the adjustment factor to make such rates comparable to rates quoted on the basis of the Mid Swap Rate being replaced by operation of this Condition 9.4.

Without prejudice to the definition thereof, for the purposes of determining an Alternative Mid Swap Rate and/or applicable adjustments thereto (which may equal zero), the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate.

- (c) Notwithstanding Condition 9.3 above, if:
- (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.4 notifies the Issuer prior to the IA Mid Swap Determination Cut-off Date that it has determined that no rate is customarily applied in international debt capital markets transactions for setting rates comparable to the Mid Swap Rate or that it has been unable to determine the adjustments (which may equal zero) applying to any Alternative Mid Swap Rate; or
  - (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 9.4 fails to determine an Alternative Mid Swap Rate, together with the adjustments (which may equal zero) applying to such Alternative Mid Swap Rate, prior to the relevant IA Mid Swap Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(i) of this Condition 9.4, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Mid Swap Determination Cut-off Date that no rate is customarily applied in international debt capital markets transactions for setting rates comparable to the Mid Swap Rate or, that it has been unable to determine the adjustments (which may equal zero) applying to any Alternative Mid Swap Rate,

and, in either case, an Alternative Mid Swap Rate, together with the adjustments (which may equal zero) applying to such Alternative Mid Swap Rate, is not otherwise determined in accordance with paragraph (b) of this Condition 9.4 prior

to the Issuer Mid Swap Determination Cut-off Date, the Subsequent Reset Rate shall be determined as at the last preceding Reset Determination Date or, in the case of the first Reset Determination Date, the Subsequent Reset Rate shall be the Initial Rate of Interest (though substituting, where a different Margin is to be applied to the relevant Reset Period from that which applied to the last preceding Reset Period, the Margin relating to the relevant Reset Period in place of the Margin relating to that last preceding Reset Period).

This paragraph (c) shall apply to the relevant Reset Period only. Any subsequent Reset Period(s) shall be subject to the operation of this Condition 9.4.

- (d) Promptly following the determination of any Alternative Mid Swap Rate as described in this Condition 9.4, the Issuer shall give notice that a Benchmark Event has occurred, including detailing the Alternative Mid Swap Rate and the adjustments (which may equal zero) (and the effective date(s) thereof), pursuant to this Condition 9.4 to the Trustee, the Issue and Paying Agent and the Holders.
- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as the relevant Independent Adviser or the Issuer (as applicable) determines may be required to give effect to any application of this Condition 9.4. Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 9.4 and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Reset Periods (subject to the subsequent operation of this Condition 9.4). No consent of the Holders shall be required in connection with effecting the relevant Alternative Mid Swap Rate as described in this Condition 9.4 or such other relevant adjustments pursuant to this Condition 9.4, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

Notwithstanding the foregoing, the Trustee shall not be obliged to agree to any modification 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

Notwithstanding any other provision of this Condition 9.4 no Alternative Mid Swap Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 9.4, if and to the extent that, in the sole determination of the

Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group.

#### **9.5 Notification of Subsequent Reset Rate and Interest Amounts**

The Calculation Agent will cause the Subsequent Reset Rate and each Interest Amount for each Reset Period to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Reset Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 21 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

#### **9.6 Determination or calculation on default**

If for any reason at any relevant time, the Calculation Agent defaults in its obligation to determine the Subsequent Reset Rate or to calculate any Interest Amount in accordance with Condition 9.2 or 9.3, the Issuer shall determine the Subsequent Reset Rate at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 9), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

#### **9.7 Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 9, whether by the Calculation Agent or (in the context of Condition 9.4 only) an Independent Adviser, shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Calculation Agent or (in the context of Condition 9.4 only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **10. Floating Rate Note Provisions**

#### **10.1 Application**

This Condition 10 is applicable to the Notes only if the Floating Rate Note Provisions are specified as applicable in the Final Terms.

## **10.2 Accrual of interest**

- (a) Each Floating Rate Note bears interest from (and including) the Interest Commencement Date at the Rate of Interest and such interest will be payable in arrear on each Interest Payment Date. Such interest will be payable in respect of each Interest Period.
- (b) Each Floating Rate Note (or, in the case of the redemption of part only of a Floating Rate Note, that part only of such Floating Rate Note) will cease to bear interest (if any) from the due date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

## **10.3 ISDA Determination**

- (a) 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 Period will be the relevant ISDA Rate plus or minus (as indicated in the Final Terms) the Margin (if any).
- (b) The "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Issue and Paying Agent under an interest rate swap transaction if the Issue and Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
  - (i) the Floating Rate Option is as specified in the Final Terms;
  - (ii) the Designated Maturity is a period specified in the Final Terms; and
  - (iii) the relevant Reset Date is the day specified in the Final Terms.
- (c) In this Condition 10.3, the expressions "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

## **10.4 Screen Rate Determination**

- (a) Where Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined, and unless Condition 10.5, 10.6, 10.7, 10.8, 10.9 or 10.10 applies, the Rate of Interest for each Interest Period will, subject as provided below, be either:
  - (i) the offered quotation; or
  - (ii) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) 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 (or such replacement page on that service which displays the information) as at the Relevant Time on the Interest Determination Date in question plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

- (b) If the Relevant Screen Page is not available or if, in the case of Condition 10.4(a)(i) above, no offered quotation appears or, in the case of Condition 10.4(a)(ii) above, fewer than three offered quotations appear, in each case as at the Relevant Time, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Calculation Agent.
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, 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 approximately 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 the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than EURIBOR, the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Calculation Agent with 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 (rounded as provided above) 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 approximately 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 Issuer suitable for the purpose) informs the Calculation Agent it is quoting to leading banks in the Euro-zone interbank market (if the Reference Rate is EURIBOR) or if the Reference Rate is other than EURIBOR,

the inter-bank market of the Relevant Financial Centre plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

#### **10.5 €STR Linked Interest Notes**

- (a) Where the Reference Rate is specified as being €STR, the Rate of Interest for each Interest Period, subject as provided below, will be Compounded Daily €STR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) Subject to the provisions of Condition 10.11, if, in respect of any TARGET Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) determines that the €STR reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such €STR reference rate shall be the €STR reference rate for the first preceding TARGET Business Day in respect of which an €STR reference rate was published by the European Central Bank (or any successor administrator) on its website, as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms).
- (c) If the Notes become due and payable in accordance with Condition 17, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

#### **10.6 SONIA Linked Interest Notes**

- (a) Where the Reference Rate is specified as being SONIA, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SONIA plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) Subject to the provisions of Condition 10.11, if, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final

Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

- (i) the Bank of England's Bank Rate (the "Bank of England Base Rate") prevailing at 5:00 p.m. (London time) (or, if earlier, close of business) on the relevant London Business Day; plus
  - (ii) the mean of the spread of the SONIA reference rate to the Bank of England Base Rate over the previous five days on which a SONIA reference rate 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).
- (c) Subject to the provisions of Condition 10.11, if the Rate of Interest cannot be determined in accordance with paragraphs (a) and (b) by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms), 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 Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or
  - (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest 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 Period).
- (d) If the Notes become due and payable in accordance with Condition 17, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

## **10.7 Federal Funds Rate Linked Interest Notes**

Where the Reference Rate is specified as being the Federal Funds Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent and shall be equal to the Weighted Average U.S. Federal Funds Rate.



## **10.8 CMS Linked Interest Notes**

- (a) Where the Reference Rate is specified as being the CMS Reference Rate, the Rate of Interest for each Interest Period will be calculated by the Calculation Agent and shall be equal to the sum of the CMS Rate plus the Margin, determined by reference to the Relevant Screen Page.
- (b) If the Relevant Screen Page is not available, the Calculation Agent shall request each of the Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent such quotations, the CMS Rate for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest).
- (c) If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Issuer in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

## **10.9 Compounded Daily SOFR Linked Interest Notes**

- (a) Where the Reference Rate is specified as being Compounded Daily SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be Compounded Daily SOFR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) The Issuer may at any time, following consultation with an Independent Adviser (appointed by the Issuer at its own expense), specify such changes to paragraph (iii) of the definition of "SOFR" set out in the definition of "Compounded Daily SOFR" as it determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of rates determined in accordance with such paragraph, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.9(b)). For the avoidance of doubt, the Trustee shall, at the direction and expense of the Issuer, effect such amendments to the Conditions together with such consequential amendments to the Trust Deed and Agency Agreement as may be required to give effect to the application of this Condition 10.9(b).

Prior to any such amendment, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee confirming that the Issuer has made the relevant determinations in accordance with this Condition 10.9(b), such

amendments are required to give effect to any application of this Condition 10.9(b) and attaching the proposed amendments and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders of the Notes or to any other person for any consequences thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person. No consent of the Holders of the Notes or of the Couponholders shall be required in connection with effecting such changes, including for the execution of, or amendments to, any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required). The Trustee shall not be obliged to agree to any amendments which in the sole opinion of the Trustee would have the effect of (1) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (2) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the documents to which it is a party and/or these Conditions. The Issuer shall promptly following the determination of any changes pursuant to this Condition 10.9(b) give notice thereof to the Trustee, the Issue and Paying Agent, the Calculation Agent and the Holders.

- (c) If the Notes become due and payable in accordance with Condition 17, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

#### **10.10 Weighted Average SOFR Linked Interest Notes**

- (a) Where the Reference Rate is specified as being Weighted Average SOFR, the Rate of Interest for each Interest Period will, subject as provided below, be Weighted Average SOFR plus or minus (as indicated in the Final Terms) the Margin (if any), all as determined by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the Final Terms) on the Interest Determination Date for such Interest Period.
- (b) The Issuer may at any time, following consultation with an Independent Adviser (appointed by the Issuer at its own expense), specify such changes to paragraph (iii) of the definition of "SOFR" set out in the definition of "Weighted Average SOFR" as it determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of rates determined in accordance with such paragraph, which changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.10(b)). For the avoidance of doubt, the Trustee shall, at the direction and expense of the Issuer, effect such amendments to the Conditions together with such consequential amendments to the Trust Deed and Agency Agreement as may be required to give effect to the application of this Condition 10.10(b).

Prior to any such amendment, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee confirming that the Issuer has made the relevant determinations in accordance with this Condition 10.10(b), such amendments are required to give effect to any application of this Condition 10.10(b) and attaching the proposed amendments and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders of the Notes or to any other person for any consequences thereof, irrespective of whether any such modification is or may be materially prejudicial to the interests of such person. No consent of the Holders of the Notes or of the Couponholders shall be required in connection with effecting such changes, including for the execution of, or amendments to, any documents or the taking of other steps by the Trustee, the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required). The Trustee shall not be obliged to agree to any amendments which in the sole opinion of the Trustee would have the effect of (1) exposing the Trustee to any liabilities against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction or (2) increasing the obligations or duties, or decreasing the rights or protection, of the Trustee in the documents to which it is a party and/or these Conditions. The Issuer shall promptly following the determination of any changes pursuant to this Condition 10.10(b) give notice thereof to the Trustee, the Issue and Paying Agent, the Calculation Agent and the Holders.

- (c) If the Notes become due and payable in accordance with Condition 17, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on the Notes shall, for so long as any of the Notes remain outstanding, be that determined on such date.

#### **10.11 Reference Rate Replacement**

If:

- (1) Reference Rate Replacement is specified as applicable in the Final Terms;
- (2) Screen Rate Determination is specified in the Final Terms as the manner in which the Rate of Interest is to be determined; and
- (3) notwithstanding the provisions of Condition 10.4 above, a Benchmark Event occurs in relation to an Original Reference Rate (or component thereof) remains to be determined by reference to such Original Reference Rate,

then the following provisions shall apply to the relevant Series of Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (in any such

case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.11 during any other future Interest Period(s)).

- (b) Subject to paragraph (c) of this Condition 10.11, if:
- (i) the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**IA Determination Cut-off Date**”), determines a Successor Reference Rate or, if such Independent Adviser fails so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest (or component thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.11 during any other future Interest Period(s)); or
  - (ii) the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 10.11 fails to determine a Successor Reference Rate or an Alternative Reference Rate prior to the relevant IA Determination Cut-off Date, the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the “**Issuer Determination Cut-off Date**”), determines a Successor Reference Rate or, if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, an Adjustment Spread (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining the Rate of Interest (or component thereof) applicable to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.11 during any other future Interest Period(s)),

then:

- (A) such Successor Reference Rate or Alternative Reference Rate (as applicable) shall be used in place of the Original Reference Rate for all future Interest Periods (subject to the subsequent operation of this Condition 10.11 during any other future Interest Period(s)).

Without prejudice to the definitions thereof, for the purposes of determining an Alternative Reference Rate, the Issuer will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the

international debt capital markets and such other materials as the Issuer, in its sole discretion, considers appropriate; and

- (B) if the relevant Independent Adviser or the Issuer (as applicable) determines an Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) for all future Interest Periods (subject to the subsequent operation of this Condition 10.11).
- (c) Notwithstanding any other provision of this Condition 10.4(b) above, if:
- (i) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 10.11 notifies the Issuer prior to the IA Determination Cut-off Date that it has determined that no Successor Reference Rate or Alternative Reference Rate exists or, in either case, that it is unable to determine the applicable Adjustment Spread; or
  - (ii) the Independent Adviser appointed by the Issuer in accordance with paragraph (a) of this Condition 10.11 fails to determine a Successor Reference Rate or an Alternative Reference Rate and, in either case, the applicable Adjustment Spread, prior to the relevant IA Determination Cut-off Date, without notifying the Issuer as contemplated in sub-paragraph (c)(i) of this Condition 10.11, and the Issuer (acting in good faith and in a commercially reasonable manner) determines prior to the Issuer Determination Cut-off Date that no Successor Reference Rate or Alternative Reference Rate exists or, in either case, that it is unable to determine the applicable Adjustment Spread,

and, in either case, neither a Successor Reference Rate nor an Alternative Reference Rate, in each case, together with the applicable Adjustment Spread, is otherwise determined in accordance with paragraph (b) of this Condition 10.11 prior to the Issuer Determination Cut-off Date, the relevant Rate of Interest shall be determined as at the last preceding Interest Determination Date or, in the case of the first Interest Determination Date, the Rate of Interest shall be the Initial Rate of Interest (though substituting, where a different Margin or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period in place of the Margin or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period).

This paragraph (c) shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the operation of this Condition 10.11.

- (d) Promptly following the occurrence of a Benchmark Event and the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, an Adjustment Spread, as described in this Condition 10.11,

the Issuer shall give notice that a Benchmark Event has occurred, including detailing the Successor Reference Rate or Alternative Reference Rate (as applicable) and of the Adjustment Spread (and the effective date(s) thereof), pursuant to this Condition 10.11 to the Trustee, the Issue and Paying Agent and the Holders.

- (e) The Trustee and the Issue and Paying Agent shall, at the direction and expense of the Issuer, effect such waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as may be required to give effect to any application of this Condition 10.11, including, but not limited to:
- (i) changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (A) the relevant Business Centre(s), Business Day, Business Day Convention, Day Count Fraction, Interest Determination Date, Reference Banks, Relevant Financial Centre, Relevant Screen Page and/or Relevant Time applicable to the Notes and (B) the method for determining the fallback to the Rate of Interest in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and
  - (ii) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).

Prior to any such waivers and/or consequential amendments taking effect, the Issuer shall provide a certificate signed by two Directors of the Issuer to the Trustee and the Issue and Paying Agent that such waivers and/or consequential amendments are required to give effect to any application of this Condition 10.11 and the Trustee and the Issue and Paying Agent shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Holders or any other person for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person. Such changes shall apply to the Notes for all future Interest Periods (subject to the subsequent operation of this Condition 10.11).

The Trustee shall not be obliged to agree to any modification 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 rights and/or the protective provisions afforded to the Trustee in these Conditions or the Trust Deed.

No consent of the Holders shall be required in connection with effecting the relevant Successor Reference Rate or Alternative Reference Rate as described in this Condition 10.11 or such other relevant adjustments pursuant to this Condition 10.11, or the Adjustment Spread, including for the execution of, or amendment to, any documents or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

- (f) Notwithstanding any other provision of this Condition 10.11 no Successor Reference Rate or Alternative Reference Rate will be adopted, and no other amendments to the terms of the Notes will be made pursuant to this Condition 10.11, if and to the extent that, in the sole determination of the Issuer, the same could reasonably be expected to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group.

#### **10.12 Minimum Rate of Interest and/or Maximum Rate of Interest**

- (a) If the Final Terms specify a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this Condition 10 is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.
- (b) If the Final Terms specify a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of this Condition 10 is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

#### **10.13 Determination of Rate of Interest**

The Issue and Paying Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent, will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent will notify the Issue and Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

#### **10.14 Calculation of Interest Amount**

- (a) The Issue and Paying Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the

Calculation Agent, will calculate the Interest Amount payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

- (b) Where the Specified Denomination of a Floating Rate Note in definitive form comprises more than one Calculation Amount, the Interest Amount payable in respect of such Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding.

#### **10.15 Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Final Terms, the Rate of Interest for such Interest 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 as applicable in the Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest 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 Issuer shall determine such rate at such time and by reference to such sources as it determines appropriate.

#### **10.16 Notification of Rate of Interest and Interest Amounts**

- (a) The Calculation Agent or, in the case of Floating Rate Notes which are €STR Linked Interest Notes, SONIA Linked Interest Notes, Federal Funds Rate Linked Interest Notes, CMS Linked Interest Notes, Compounded Daily SOFR Linked Interest Notes or Weighted Average SOFR Linked Interest Notes, the Calculation Agent, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and the Trustee and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition



21 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter.

- (b) Each Interest Amount and Interest Payment Date notified in accordance with Condition 10.16(a) may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or are for the time being listed or by which they have been admitted to listing and to the Holders in accordance with Condition 21.

#### **10.17 Determination or calculation on default**

If for any reason at any relevant time the Calculation Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with this Condition 10, the Issuer shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 10, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Issuer shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances. In making any such determination or calculation, the Issuer may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable entity of international repute). Each such determination or calculation shall be deemed to have been made by the Calculation Agent.

#### **10.18 Certificates to be final**

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 10, whether by the Issue and Paying Agent or, if applicable, the Calculation Agent or (in the context of Condition 10.11 only) an Independent Adviser, shall (in the absence of manifest error) be binding on the Issuer, the Issue and Paying Agent, the Calculation Agent (if applicable), the other Paying Agents, the Trustee and all Holders and (in the absence of wilful default and bad faith) no liability to the Issuer or the Holders or any other person shall attach to the Issue and Paying Agent or, if applicable, the Calculation Agent or (in the context of Condition 10.11 only) an Independent Adviser in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

### **11. Fixed/Floating Rate Notes**

#### **11.1 Application**

This Condition 11 is applicable to the Notes only if the Fixed Rate Note Provisions and the Floating Rate Note Provisions are specified as applicable in the Final Terms.

## 11.2 Fixed/Floating Rate

The Issuer may issue Notes:

- (i) that the Issuer may elect to convert on the date set out in the Final Terms from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note; or
- (ii) that will automatically convert from a Fixed Rate Note to a Floating Rate Note, or from a Floating Rate Note to a Fixed Rate Note, on the date set out in the Final Terms.

## 12. Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention has (x) no numerically corresponding day in the calendar month in which such date should occur or (y) would otherwise fall on a day that is not a Business Day, then:

- (i) if “Following Business Day Convention” is specified in the Final Terms, the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) if “Modified Following Business Day Convention” or “Modified Business Day Convention” is specified in the Final Terms, the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) if “Preceding Business Day Convention” is specified in the Final Terms, the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) if “FRN Convention”, “Floating Rate Convention” or “Eurodollar Convention” is specified in the Final Terms, the relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the Final Terms as the Specified Period after the calendar month in which the preceding such date occurred provided, however, that:
  - (C) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (D) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar

month, in which case it will be the first preceding day which is a Business Day;

- (E) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (v) if “No Adjustment” is specified in the Final Terms, the relevant date shall not be adjusted in accordance with any Business Day Convention.

### **13. Payments**

#### **13.1 Method of payment**

- (a) Subject as provided below:
  - (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account and which, in the case of a payment on a Note in bearer form for U.S. federal income tax purposes, shall be an account outside the United States, except as may be permitted by United States federal income tax law) maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (in no event, however, shall payment in respect of a Note in bearer form for U.S. federal income tax purposes be made by cheque mailed to an address in the United States); and
  - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.
- (b) Payments will be 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 15; 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 15) any law implementing an intergovernmental approach thereto.

## 13.2 Presentation of Bearer Notes and Coupons

- (a) Payments of principal in respect of Bearer Notes will (subject as provided below) be made in the manner provided in Condition 13.1 only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Bearer Notes, and payments of interest in respect of Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).
- (b) Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 16) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.
- (c) Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.
- (d) Upon the date on which any Floating Rate Note, Reset Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.
- (e) If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.
- (f) Payments of principal and interest (if any) in respect of Notes represented by any Temporary or Permanent Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Temporary or Permanent Global Note in bearer form, where applicable, against presentation or surrender, as the case may be, of such Temporary or Permanent Global Note in

bearer form at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Temporary or Permanent Global Note in bearer form by the Paying Agent to which it was presented or in the records of Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"), as applicable.

- (g) The Holder of a Temporary or Permanent Global Note in bearer form shall be the only person entitled to receive payments in respect of Notes represented by such Temporary or Permanent Global Note in bearer form and the Issuer will be discharged by payment to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Temporary or Permanent Global Note in bearer form must look solely to Euroclear, Clearstream, Luxembourg or such other clearing system, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the Holder of such Temporary or Permanent Global Note in bearer form.

### **13.3 U.S. Paying Agent**

- (a) Notwithstanding the foregoing provisions of this Condition 13, if any amount of principal and/or interest in respect of Notes is payable in US dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in US dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in US dollars; and
- (b) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

### **13.4 Registered Notes**

- (a) Payments of principal in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made

by transfer to the Designated Account of the Holder (or the first named of joint Holders) of the Registered Note appearing in the register:

- (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and
  - (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date.
- (b) Notwithstanding Condition 13.4(a), if:
- (i) a Holder does not have a Designated Account; or
  - (ii) the nominal amount of the Registered Notes held by a Holder is less than US\$250,000 (or its approximate equivalent in any other Specified Currency), payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank.
- (c) Payments of interest in respect of each Registered Note (whether or not in global form) will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the Holder (or the first named of joint Holders) of the Registered Note appearing in the register:
- (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date; and
  - (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date") at his address shown in the register on the Record Date and at his risk.
- (d) Upon application of the Holder to the specified office of the Registrar not less than three business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Registered Note, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) in respect of the Registered Notes which become payable to the Holder who has made the initial application until the Registrar is notified in writing to the contrary by such Holder. Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

- (e) Holders of Registered Notes will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Registered Note as a result of a cheque posted in accordance with this Condition 13 arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such Holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

### **13.5 Payment Day**

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the Holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay.

### **13.6 Interpretation of principal and interest**

- (a) Any reference in these Conditions to principal in respect of the Notes shall be deemed to include, as applicable:
  - (i) the Final Redemption Amount of the Notes;
  - (ii) the Optional Redemption Amount(s) (if any) of the Notes;
  - (iii) the Make Whole Redemption Price; and
  - (iv) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.
- (b) Any reference in these Conditions to interest or Arrears of Interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest or Arrears of Interest under Condition 15 or under any undertaking given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

## **14. Redemption, Variation, Substitution, Conversion and Purchase**

This Condition 14 is subject in all respects to Condition 14.

### **14.1 Redemption**

- (a) Unless previously redeemed, substituted, converted or purchased and cancelled as specified below, each Dated Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the Final Terms in the Specified Currency on the Maturity Date.
- (b) Undated Notes are perpetual securities in respect of which there is no maturity date.

- (c) Notes are not redeemable at the option of the Holders at any time.

## 14.2 Issuer's Call Option

The Issuer may redeem the Notes in whole (but not in part) at its option, if specified in the Final Terms, on any Optional Redemption Date.

*Except as otherwise described below in respect of a redemption pursuant to Conditions 14.3, 14.4, 14.5 or 14.6, the Solvency II Regulations require that the Notes may not be redeemed prior to the fifth anniversary of (i) the Issue Date of the Notes or (ii) if any further Tranche(s) of the Notes has or have been issued and consolidated and form a single Series with the Notes, the issue date of the last Tranche of the relevant Series, unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.*

*To satisfy this requirement, the Optional Redemption Date specified in any Final Terms may not occur prior to the fifth anniversary of (i) the Issue Date of the Notes or (ii) if any further Tranche(s) of the Notes has or have been issued and consolidated and form a single Series with the Notes, the issue date of the last Tranche of the relevant Series.*

## 14.3 Tax Event Redemption

- (a) This Condition 14.3 shall apply to the Notes only if Tax Event Redemption is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Tax Event.
- (c) If and to the extent required by PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Tax Event prior to the fifth anniversary of the Relevant Issue Date of the Notes unless:
  - (i) such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes; or
  - (ii) both:
    - (A) the PRA is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
    - (B) the Issuer has demonstrated to the satisfaction of the PRA that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Relevant Issue Date.



#### **14.4 Tax Event Redemption and Refinancing Option**

- (a) This Condition 14.4 shall apply to the Notes only if Tax Event Redemption and Refinancing Option is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may, at any time upon the occurrence of a Tax Event in its sole discretion:
  - (i) redeem the Notes in whole (but not in part); or
  - (ii) to address such Tax Event, substitute the Notes in whole (but not in part) for, or vary these Conditions and/or the terms of the Trust Deed such that they are treated as, an issue of Qualifying Tier 2 Capital.
- (c) If and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Tax Event prior to the fifth anniversary of the Relevant Issue Date of the Notes unless:
  - (i) such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes; or
  - (ii) both:
    - (A) the PRA is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
    - (B) the Issuer has demonstrated to the satisfaction of the PRA that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Relevant Issue Date.
- (d) The Trustee shall use its reasonable endeavours to assist the Issuer in substitution or variation of the Notes in accordance with this Condition 14.4, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the notes into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it.

#### **14.5 Regulatory Event Redemption**

- (a) This Condition 14.5 shall apply to the Notes only if Regulatory Event Redemption is specified as being applicable in the Final Terms.

- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Regulatory Event.
- (c) If and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Relevant Issue Date of the Notes unless:
  - (i) such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes; or
  - (ii) both:
    - (A) the PRA is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
    - (B) the PRA considers that the relevant change in the regulatory classification of the Notes is sufficiently certain and the Issuer has demonstrated to the satisfaction of the PRA that such change was not reasonably foreseeable as at the Relevant Issue Date.

#### **14.6 Regulatory Event Redemption and Regulatory Event Refinancing Option**

- (a) This Condition 14.6 shall apply to the Notes only if Regulatory Event Redemption and Regulatory Event Refinancing Option is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may, at any time upon the occurrence of a Regulatory Event, in its sole discretion:
  - (i) redeem the Notes in whole (but not in part); or
  - (ii) substitute the Notes in whole (but not in part) for, or vary these Conditions and/or the terms of the Trust Deed such that they are treated as, an issue of Qualifying Tier 2 Capital.
- (c) If and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Regulatory Event prior to the fifth anniversary of the Relevant Issue Date of the Notes unless:
  - (i) such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes; or

- (ii) both:
  - (A) the PRA is satisfied that the Solvency Capital Requirement will be exceeded by an appropriate margin immediately after such redemption (taking into account the solvency position of the Issuer and the Group, including by reference to the Issuer's and the Group's medium-term capital management plan); and
  - (B) the PRA considers that the relevant change in the regulatory classification of the Notes is sufficiently certain and the Issuer has demonstrated to the satisfaction of the PRA that such change was not reasonably foreseeable as at the Relevant Issue Date.
- (d) The Trustee shall use its reasonable endeavours to assist the Issuer in substitution or variation of the Notes in accordance with this Condition 14.6, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the notes into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it.

#### **14.7 Rating Event Redemption**

- (a) This Condition 14.7 shall apply to the Notes only if Rating Event Redemption is specified as being applicable in the Final Terms.
- (b) Subject as provided in these Conditions, the Issuer may redeem the Notes in whole (but not in part) at any time upon the occurrence of a Rating Event.
- (c) If and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time, and except as otherwise indicated to the Issuer by the PRA, the Issuer may not redeem the Notes upon the occurrence of a Rating Event prior to the fifth anniversary of the Relevant Issue Date of the Notes unless such redemption is funded out of the proceeds of a new issuance of capital of the same or higher quality than the relevant Notes.

#### **14.8 Redemption Procedures**

- (a) Any redemption, substitution or variation under this Condition 14 may be made on not less than 30 nor more than 60 days' notice to the Trustee and the Issue and Paying Agent in writing and to the Holders in accordance with Condition 21.
- (b) If the Notes are redeemed at the Issuer's option pursuant to Condition 14.2, such Notes shall be redeemed on any Optional Redemption Date at their Optional Redemption Amount together with accrued interest (including any interest not paid on a Compulsory Interest Payment Date (if applicable)) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.

- (c) If the Notes are to be redeemed pursuant to Condition 14.3 or 14.4 on the occurrence of a Par Tax Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at the outstanding principal amount of the Notes, together with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
- (d) If the Notes are to be redeemed pursuant to Condition 14.3 or 14.4 on the occurrence of an Other Tax Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at:
- (i) in the case of an Other Tax Event occurring on or after the first Optional Redemption Date (if any), the outstanding principal amount of the Notes; and
  - (ii) in the case of an Other Tax Event occurring prior to the first Optional Redemption Date (if any), the outstanding principal amount of the Notes or their Make Whole Redemption Price as specified in the Final Terms, together,
- in each case, with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
- (e) If the Notes are to be redeemed pursuant to Condition 14.5, 14.6 or 14.7 on the occurrence of a Regulatory Event or a Rating Event, the Notes may be redeemed at any time (if and so long as such Note is not a Floating Rate Note) or on any Interest Payment Date (if and so long as such Note is a Floating Rate Note) at:
- (i) in the case of a Regulatory Event or Rating Event occurring on or after the first Optional Redemption Date (if any), the outstanding principal amount of the Notes; and
  - (ii) in the case of a Regulatory Event or Rating Event occurring prior to the first Optional Redemption Date (if any), the outstanding principal amount of the Notes or their Make Whole Redemption Price as specified in the Final Terms, together, in each case, with accrued interest (including any interest not paid on a Compulsory Interest Payment Date) to the Redemption Date and the aggregate amount of any Arrears of Interest, each as provided in these Conditions.
- (f) Prior to the giving of any notice of redemption, substitution or variation following the occurrence of a Tax Event, Regulatory Event or Rating Event, the Issuer shall deliver to the Trustee:

- (i) a certificate, signed by two Directors of the Issuer, stating that the Issuer is entitled to effect such redemption or substitution or variation and setting forth a statement of facts showing that the conditions precedent to the right to redeem or, as the case may be, substitute or vary have occurred and, in the case of the event described in paragraph (a) of the definition of Tax Event, that the payment of such additional amounts cannot be avoided by using reasonable measures available to it; and
- (ii) in the case of a Tax Event, an opinion of independent legal advisers of recognised standing to the effect that the Issuer is entitled to exercise its right of redemption or substitution or variation.

The Trustee shall be entitled to accept such certificate and, where applicable, such opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Holders.

- (g) Any notice of redemption will be irrevocable, subject to the Redemption Date postponement requirements set out below. Failure to pay or set aside for payment the principal amount of the Notes to be redeemed, any accrued but unpaid interest, any Arrears of Interest, each as provided in these Conditions within 14 days of the Redemption Date, as postponed, if applicable, will constitute a Default.
- (h) If Spens Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount equal to the higher of:
  - (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and
  - (ii) the principal amount outstanding of the Notes to be redeemed multiplied by the price, as reported to the Issuer and the Trustee by the Determination Agent, at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield (determined by reference to the middle market price) at the Quotation Time specified in the Final Terms on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Determination Agent.
- (i) If Make Whole Redemption Amount is specified in the Final Terms, the Make Whole Redemption Price shall be an amount calculated by the Determination Agent equal to the higher of:
  - (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and
  - (ii) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) and such present

values shall be calculated by discounting such amounts to the date of redemption on an annual basis (assuming a 360-day year consisting of twelve 30-day months or, in the case of an incomplete month, the number of days elapsed) at the Reference Bond Rate, plus the Redemption Margin.

(j) In this Condition 14.8:

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“FA Selected Bond” means:

(a) in the case of Dated Notes, a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to:

(i) if no Optional Redemption Date is specified in the Final Terms, the Maturity Date; or

(ii) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to:

(A) if no Optional Redemption Date is specified in the Final Terms, the Maturity Date; or

(B) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of the Notes; and

(b) in the case of Undated Notes, a government security or securities selected by the Determination Agent as having an actual or interpolated maturity comparable with the remaining term to the first Optional Redemption Date of the Notes, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to the remaining term to the first Optional Redemption Date of the Notes;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual)

Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee’s fees by the Issuer;

“Redemption Margin” shall be such amount as is specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;

“Reference Bond” shall be as set out in the Final Terms or the FA Selected Bond;

“Reference Bond Price” means, with respect to any date of redemption:

- (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or
- (b) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Bond Rate” means, with respect to any Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Redemption Date;

“Reference Date” means the date specified as such in the relevant notice of redemption;

“Reference Government Bond Dealer” means each of five banks selected by the Issuer, or their affiliates, which are:

- (a) primary government securities dealers, and their respective successors, or
- (b) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and any Redemption Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the Final Terms on the Reference Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

“Remaining Term Interest” means:

- (a) with respect to any Dated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term to (i) the Maturity Date or (ii) if an Optional

Redemption Date is specified in the Final Terms, the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date; and

- (b) with respect to any Undated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term until the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date.

#### **14.9 Purchases**

Subject to Condition 4, the Issuer and any of its Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, any unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise.

#### **14.10 Cancellation**

All Notes which are redeemed, exchanged or purchased will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Issue and Paying Agent and cannot be re-issued or resold.

#### **15. Taxation**

All payments of principal and interest by or on behalf of the Issuer (including payments of Arrears of Interest) in respect of the Notes and Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of the United Kingdom, or any political sub-division of, or any authority of, or in, the United Kingdom having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will, in respect of payments of interest only and not in respect of payments of principal, pay such additional amounts as shall be necessary in order that the net amounts received by the Holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of any requirement to make such withholding or deduction; except that no such additional amounts shall be payable in relation to any Note or Coupon:

- (a) presented for payment by, or on behalf of, a Holder who is liable for such taxes, duties or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of such Note or Coupon; or



- (b) presented for payment by, or on behalf of, a Holder who would be able to avoid such withholding or deduction by complying with any statutory requirements (including, but not limited to, obtaining and/or presenting any form of certificate) or by making a declaration or any other statement or claim for exemption (including, but not limited to, a declaration of nonresidence), but fails to do so; or
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the relevant Holder would have been entitled to such additional amounts on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day.

## **16. Prescription**

- (a) Claims in respect of principal and interest or other sums payable hereunder will be prescribed unless made within 10 years (in the case of principal) or five years (in the case of interest) from the Relevant Date in relation thereto, subject to the provisions of Condition 13.2.
- (b) There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 16 or Condition 13.2 or any Talon which would be void pursuant to Condition 13.2.

## **17. Events of Default and Enforcement**

- (a) If a Default occurs and is continuing, the Trustee may, notwithstanding the provisions of Condition 17(c), institute proceedings for the winding-up in England and Wales (but not elsewhere) of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
- (b) If an order is made by any competent court or resolution passed for the winding-up or dissolution of the Issuer, save for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Holders of the Notes, the Trustee may, subject as provided below, give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at an amount equal to their principal amount outstanding together with any Arrears of Interest and any accrued interest as provided in the Trust Deed.
- (c) Without prejudice to Condition 17(a), the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed, the Notes or the Coupons (other than any payment obligation of the Issuer relating to or arising from the Notes, the Coupons or the Trust Deed relating to them or arising therefrom) provided that the Issuer shall not by virtue of the institution of any such proceedings be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. Nothing in this Condition 17(c) shall, however, prevent the Trustee instituting proceedings for the

winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from or under the Notes, the Coupons or the Trust Deed (including any damages awarded for breach of any obligations).

- (d) The Trustee shall not be bound to take any of the actions referred to in this Condition 17 against the Issuer to enforce the terms of the Trust Deed, the relevant Notes or the relevant Coupons or to take any other action under the Trust Deed unless:
  - (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding; and
  - (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction in accordance with Clause 10 of the Trust Deed.
- (e) No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up in England and Wales of the Issuer or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails to do so within a reasonable period and such failure is continuing, in which case a Holder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 17.

#### **18. Replacement of Notes, Coupons and Talons**

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Issue and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

#### **19. Paying Agents and Calculation Agent**

- (a) The names of the initial Paying Agents and their specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the Final Terms.
- (b) The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (i) there will at all times be an Issue and Paying Agent and, in respect of Registered Notes, a Registrar; and
  - (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.
- (c) In addition, the Issuer shall appoint a Paying Agent approved in writing by the Trustee having a specified office in New York City in the circumstances described in Condition 13.3.
- (d) Notice of any variation, termination, appointment or change in Paying Agents will be given to Holders promptly by the Issuer in accordance with Condition 21.
- (e) In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain limited circumstances, the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Holders. The Agency Agreement contains provisions permitting any entity into which the Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent, registrar or exchange agent, as the case may be.

## **20. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issue and Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 16.

## **21. Notices**

- (a) All notices regarding Bearer Notes shall be published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of publication in the last of such newspapers.
- (b) Notices to Holders of Registered Notes will be deemed to be validly given if sent by first class mail (or equivalent) or (if posted to an overseas address) by air mail

to them (or, in the case of joint Holders, to the first-named in the register kept by the Registrar) at their respective addresses as recorded in the register kept by the Registrar, and will be deemed to have been validly given on the fourth weekday after the date of such mailing or, if posted from another country, on the fifth such day.

- (c) Notices to be given by any Holder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issue and Paying Agent.

## **22. Meetings of Holders, Modification, Waiver, Determination and Substitution etc.**

### **22.1 Conditions to Modification, Amendment, Waiver and Substitution**

No modifications or amendments may be made to, nor any waiver granted in respect of, these Conditions or any of the provisions of the Trust Deed pursuant to Condition 22.2 or 22.3, nor may the Issuer be substituted as principal debtor under the Trust Deed, the Notes and the Coupons pursuant to Condition 22.4, unless the Issuer has given prior notice to the PRA, and the PRA has given its prior approval or consented to, or has given due notification of non-objection in writing in respect of, such modification, amendment, waiver or substitution, in each case in accordance with the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time and to the extent required by the PRA or the Capital Regulations applicable in relation to Tier 2 Capital at the relevant time.

### **22.2 Meetings**

- (a) The Trust Deed contains provisions for convening meetings of the Holders (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 of a modification of the Notes and the Coupons relating to them or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer and shall be convened by the Issuer upon the request of Holders holding not less than 5 per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Holders shall be binding on all the Holders, whether or not they are present at the meeting.

- (b) The Trust Deed contains provisions for an Extraordinary Resolution to take the form of an instrument or instruments signed by the Holder or the Holders of not less than three-quarters in nominal amount of the Notes for the time being outstanding.

### **22.3 Modifications**

- (a) The Trustee may agree, without the consent of the Holders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or determine that any Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or an error which, in the opinion of the Trustee is proven.
- (b) Any modification, waiver, authorisation or determination shall be binding on the Holders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 21.
- (c) The Trustee shall be obliged to concur with the Issuer in effecting any amendments to the interest calculation provisions and provisions related thereto of the Notes in the circumstances and as otherwise set out in Conditions 9 and 10 without the requirement for the consent or sanction of the Holders or Couponholders.

### **22.4 Substitution**

- (a) Subject as provided in the Trust Deed the Trustee, if it is satisfied that to do so would not be materially prejudicial to the interests of the Holders, may agree with the Issuer, without the consent of the Holders, to the substitution in place of the Issuer as principal debtor under the Trust Deed, the Notes and the Coupons of:
  - (i) any Subsidiary of the Issuer;
  - (ii) any successor in business of the Issuer;
  - (iii) any Holding Company of the Issuer; or
  - (iv) any other Subsidiary of such Holding Company,

provided that except where the new principal debtor is the successor in business or Holding Company of the Issuer the obligations of such new principal debtor under the Trust Deed, the Notes and the Coupons shall be unconditionally and irrevocably guaranteed by the Issuer or its Holding Company and provided further that the obligations of the Issuer or, as the case may be, its Holding Company under such guarantee shall be subordinated on a basis considered by the Trustee to be equivalent to that described in Condition 4.

- (b) Any substitution in accordance with the provisions of this Condition 22.4 shall be binding on the Holders and, unless the Trustee agrees otherwise, any such substitution shall be notified by the Issuer to the Holders as soon as practicable thereafter in accordance with Condition 21.

## **22.5 Exercise of Trustee's powers and discretions**

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders, except to the extent already provided for in Condition 15 and/or any undertaking given in addition to, or in substitution for, Condition 15 pursuant to the Trust Deed.

## **23. Further issues**

The Issuer shall be at liberty from time to time without the consent of the Holders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes (such notes being "Further Notes"). The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of the notes of other series in circumstances where the Trustee so decides. Unless otherwise specified, references in these Conditions to the Issue Date shall be to the Issue Date of the first Tranche of Notes of any Series. References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes.

## **24. Definitions**

In these Conditions:

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

- (a) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Original Reference Rate with such Successor Reference Rate by any Relevant Nominating Body; or

- (b) in the case of a Successor Reference Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the relevant Independent Adviser or the Issuer (as applicable) determines is customarily applied to such Successor Reference Rate or Alternative Reference Rate (as applicable) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (c) if the relevant Independent Adviser or the Issuer (as applicable) determines there is no such spread, formula or methodology customarily applied, the relevant Independent Adviser or the Issuer (as applicable) in its discretion determines 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 such Successor Reference Rate or Alternative Reference Rate (as applicable);

“Alternative Mid Swap Rate” has the meaning given to such term in Condition 9.4;

“Alternative Reference Rate” means the rate which is customarily applied in international debt capital markets transactions for the purposes of determining floating rates of interest in respect of notes denominated in the Specified Currency and of a comparable duration to the relevant Interest Periods, or, if the relevant Independent Adviser or the Issuer (as applicable) determines that there is no such rate, such other rate as such Independent Adviser or the Issuer (as applicable) determines in its discretion is most comparable to the Original Reference Rate;

“Arrears of Interest” means any interest payment which the Issuer has elected to defer on an Interest Payment Date in accordance with Condition 6 or Condition 7, together with any interest accrued thereon in the limited circumstances referred to in Condition 14.8 and any interest payments that the Issuer does not make because the Issuer does not satisfy the Solvency Condition, or either the Solvency Capital Requirement or the Minimum Capital Requirement is (or both are) not met, and which has not been satisfied, or because an Insolvent Insurer Winding-up has occurred and is continuing on the relevant Interest Payment Date;

“Assets” means the total amount of the Issuer’s non-consolidated gross assets as shown by the then latest published balance sheet, but adjusted for contingencies and for subsequent events, and to such extent as such person or persons giving the Solvency Condition report may determine;

“Auditors” means the auditors for the time being of the Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of these Conditions or the Trust Deed, such other firm of accountants as may be nominated or approved by the Trustee after consultation with the Issuer;

“Benchmark Event” means:

- (a) the Original Reference Rate ceasing to be published for at least five consecutive Business Days or ceasing to exist or be administered; or

- (b) the later of (i) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such rate) and (ii) the date falling six months prior to the specified date referred to in (b)(i); or
- (c) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (ii) the date falling six months prior to the specified date referred to in (d)(i); or
- (e) the later of (i) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means such rate will be prohibited from being used, either generally or in respect of the Notes, or that means such use will be subject to restrictions or adverse consequences, in each case on or before a specified date, and (ii) the date falling six months prior to the specified date referred to in (e)(i); or
- (f) the making of an official announcement or the publication of information by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate is no longer representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); or
- (g) the later of (i) the making of an official announcement or the publication of information by the supervisor of the administrator of the Original Reference Rate stating that the Original Reference Rate will, on or before a specified date, no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor) and (ii) the date falling six months prior to the specified date referred to in (g)(i); or
- (h) it has become, or will become prior to the next Interest Determination Date, unlawful for any Paying Agent, the Issuer or any other party specified in the Final Terms as being responsible for such calculations to calculate any payments due to be made to any Holder or Couponholder using the Original Reference Rate;

“Business Day” means a day which is:

- (a) 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 and each Additional Business Centre specified in the Final Terms (if any);



- (b) either:
  - (i) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or
  - (ii) in relation to any sum payable in euro, a TARGET Business Day; and
- (c) where the relevant Final Terms specify that the Reference Rate is “Compounded Daily SOFR” or “Weighted Average SOFR”, a U.S. Government Securities Business Day and a New York City Banking Day;

“Calculation Amount” means the amount specified as such in the Final Terms;

“Capital Adequacy Condition” means:

- (a) in relation to The Prudential Assurance Company Limited, the Issuer’s wholly-owned subsidiary (“Prudential Assurance”), the ratio of its Regulatory Assets to its Regulatory Capital Requirement is at least 125%; or
- (b) if there is a Regulatory Capital Requirement applicable to the Issuer either directly or in relation to it and its Subsidiaries as a group, the Issuer exceeds such Regulatory Capital Requirement by a factor of at least 25% of such Regulatory Capital Requirement; or
- (c) if there is no Regulatory Capital Requirement applicable to the Issuer, its total Assets exceed its total Liabilities, other than liabilities to persons that are not Senior Creditors by at least 125% of such percentage specified by the PRA as the Regulatory Capital Requirement applicable to Prudential Assurance; or
- (d) in relation to any Subsidiary of the Issuer engaged in the insurance business and regulated as such, such Subsidiary complies with the Capital Regulations applicable to it;

“Capital Regulations” means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) that require the Issuer, the Group or any Subsidiary of the Issuer engaged in insurance business and regulated as such to meet a Regulatory Capital Requirement including, without limitation, the Solvency II Regulations and any legislation, rules, guidelines or regulations of the PRA relating to such matters, in each case together with any amendment, supplement or replacement thereof from time to time;

“CMS Rate” shall mean the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity (expressed as a percentage rate per

annum) which appears on the Relevant Screen Page as at the Relevant Time on the Interest Determination Date in question, all as determined by the Calculation Agent;

“Compounded Daily €STR” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with €STR 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 Final Terms) as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{\text{Daily } \text{€STR} \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

the “€STR reference rate”, in respect of any TARGET Business Day, is a reference rate equal to the daily euro short-term rate (“€STR”) for such TARGET Business Day as provided by the European Central Bank as the administrator of €STR (or any successor administrator of such rate) on the website of the European Central Bank currently at <http://www.ecb.europa.eu> (or of any successor administrator) or, if no longer published on the administrator’s website, as otherwise published by it or provided by it 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 TARGET Business Day immediately following such TARGET Business Day);

“€STR<sub>i-pLBD</sub>” means, in respect of any TARGET Business Day falling in the relevant Interest Period, the €STR reference rate for the TARGET Business Day “i” falling “p” TARGET Business Days prior to the relevant TARGET Business Day “i”;

“d” means, in relation to any Interest Period, the number of calendar days in such Interest Period;

“d<sub>0</sub>” means the number of TARGET Business Days in the relevant Interest Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant TARGET Business Days in chronological order from, and including, the first TARGET Business Day in the relevant Interest Period;

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

“Observation Period” means the period from, and including, the date falling “p” TARGET Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement

Date) and ending on, but excluding, the date falling “p” TARGET Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” TARGET Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“p” means, for any Interest Period, the number of TARGET Business Days included in the Observation Period, as specified in the Final Terms;

“TARGET Business Day” means a day on which the TARGET2 System is open for settlement of payments in euro; and

“TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

“Compounded Daily SOFR” means, in relation to an Interest Period, the rate of return of a daily compound interest investment (with SOFR 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 Final Terms) as follows, and the resulting percentage will be rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SOFR_i \times n_i}{360} \right) - 1 \right] \times \frac{360}{d}$$

where:

“d” means, in relation to any Interest Period, the number of calendar days in such Interest Period;

“d<sub>0</sub>” means, in relation to any Interest Period, the number of U.S. Government Securities Days in such Interest Period;

“Federal Reserve's Website” means the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website;

“i” means, in relation to any Interest Period, a series of whole numbers from one to d<sub>0</sub>, each representing the relevant U.S. Government Securities Business Day in chronological order from (and including) the first U.S. Government Securities Business Day in such Interest Period;

“n<sub>i</sub>” means, in relation to any U.S. Government Securities Business Day “i”, the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day;

"New York City Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"New York Federal Reserve's Website" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website;

"OBFR" or "Overnight Bank Funding Rate" means, in relation to any New York City Banking Day (the "OBFR Determination Date"), the daily overnight bank funding rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator) at or around 5:00 pm (New York City time) on the New York Federal Reserve's Website on the next succeeding New York City Banking Day for trades made on such OBFR Determination Date;

"OBFR Index Cessation Effective Date" means, in relation to an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Overnight Bank Funding Rate) ceases to publish the daily Overnight Bank Funding Rate or the date as of which the daily Overnight Bank Funding Rate may no longer be used;

"OBFR Index Cessation Event" means the occurrence of one or more of the following events:

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Overnight Bank Funding Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) has ceased or will cease to provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the daily Overnight Bank Funding Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

"SIFMA" means the Securities Industry and Financial Markets Association (or any successor thereto);

“SOFR” means:

- (i) in relation to any U.S. Government Securities Business Day (the "SOFR Determination Date"), the daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;
- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have not both occurred, the daily Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the New York Federal Reserve's Website; or
- (iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have both occurred, “SOFR” in relation to such SOFR Determination Date shall be the rate that was recommended as the replacement for the daily Secured Overnight Financing Rate by 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 for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads); provided, however, that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date, then:
  - (1) subject to (2) below, “SOFR” in relation to each SOFR Determination Date falling on or after the SOFR Index Cessation Effective Date shall be equal to the rate determined in accordance with (i) or (ii) above (as applicable) but as if:
    - (aa) references in this definition of “Compounded Daily SOFR” to “U.S. Government Securities Business Day” were to “New York City Banking Day” (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, “d<sub>0</sub>” shall be construed so that it means the aggregate of (x) the number of U.S. Government Securities Business Days in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) the number of New York City Banking Days in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and “i” shall be construed accordingly);

- (bb) references to “daily Secured Overnight Financing Rate” were to the “daily Overnight Bank Funding Rate”;
  - (cc) references to “SOFR Index Cessation Event” were references to “OBFR Index Cessation Event”; and
  - (dd) references to “SOFR Index Cessation Effective Date” were references to “OBFR Index Cessation Effective Date”; and
- (2) if the rate specified in (1) above is not so published and an OBFR Index Cessation Event and an OBFR Index Cessation Effective Date have both occurred, then, in relation to each SOFR Determination Date falling on or after the later of the SOFR Index Cessation Effective Date and the OBFR Index Cessation Effective Date, “SOFR” shall be equal to the rate determined in accordance with (i) above but as if:
- (aa) references in this definition of “Compounded Daily SOFR” to “U.S. Government Securities Business Day” were to “New York City Banking Day” (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, “d<sub>0</sub>” shall be construed so that it means the aggregate of (x) the number of U.S. Government Securities Business Days in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) the number of New York City Banking Days in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and “i” shall be construed accordingly); and
  - (bb) the reference in paragraph (i) above to the “daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date” were a reference to the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Determination Date or, if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Determination Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary,

to the nearest second decimal place with 0.005 being rounded upwards);

“SOFR Index Cessation Effective Date” means, in relation to a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Secured Overnight Financing Rate) ceases to publish the daily Secured Overnight Financing Rate, or the date as of which the daily Secured Overnight Financing Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SOFR Reset Date” means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day in the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date (such period, the “Cut-Off Period”);

“SOFR<sub>i</sub>” means, in relation to any Interest Period and any U.S. Government Securities Business Day “i”:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, SOFR in relation to the U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Cut-Off Period), SOFR in relation to the U.S. Government Securities

Business Day immediately preceding the last SOFR Reset Date in such Interest Period; and

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

“Compounded Daily SONIA” means the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as 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 Final Terms) on the relevant 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:

$$\left[ \prod_{i=1}^{d_0} \left( 1 + \frac{SONIA_{i-pLBD} \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“d” means the number of calendar days in the relevant Interest Period;

“d<sub>0</sub>” means the number of London Business Days in the relevant Interest Period;

“i” means a series of whole numbers from one to d<sub>0</sub>, each representing the relevant London Business Days in chronological order from, and including, the first London Business Day in the relevant Interest Period;

“London Business Day” or “LBD” means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

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

“Observation Period” means the period from, and including, the date falling “p” London Business Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling “p” London Business Days prior to the Interest Payment Date for such Interest Period (or the date falling “p” London Business Days prior to such earlier date, if any, on which the Notes become due and payable);

“p” means, for any Interest Period, the number of London Business Days included in the Observation Period, as specified in the Final Terms;



the “SONIA reference rate”, in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“SONIA”) rate for such London 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 (on the London Business Day immediately following such London Business Day); and

“SONIA<sub>i-pLBD</sub>” means, in respect of any London Business Day falling in the relevant Interest Period, the SONIA reference rate for the London Business Day “i” falling “p” London Business Days prior to the relevant London Business Day “i”;

“Compulsory Interest Payment Date” means any Interest Payment Date on which:

- (a) the Issuer satisfies the Solvency Condition and both the Solvency Capital Requirement and the Minimum Capital Requirement are met, in each case both at the time of, and immediately after, the relevant interest payment; and
- (b) the Issuer has, in the six calendar months immediately preceding such Interest Payment Date, declared or paid any dividend on any class of its share capital;

“Dated Notes” means any Notes so specified in the Final Terms;

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if “Actual/Actual (ICMA)” is specified in the Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of:
    - (A) the number of days in such Determination Period; and
    - (B) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination

Period and (y) the number of Determination Dates (as specified in the Final Terms) that would occur in one calendar year; and

- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year;
- (b) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of:
  - (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366; and
  - (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if “Actual/365 (Fixed)” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if “Actual/365 (Sterling)” is specified in the Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if “Actual/360” is specified in the Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if “30/360”, “360/360” or “Bond Basis” is specified in the Final Terms, the number of days in the Interest 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 Interest Period falls;

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 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 Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (g) if “30E/360” or “Eurobond Basis” is specified in the Final Terms, the number of days in the Interest 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 Interest Period falls;

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest Period, unless such number would be 31, in which case D2 will be 30; and

- (h) if “30E/360 (ISDA)” is specified in the Final Terms, the number of days in the Interest 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 Interest Period falls;

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

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

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

“D1” is the first calendar day, expressed as a number, of the Interest 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 Interest 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;

a “Default” in respect of the Notes shall occur if:

- (a) the Issuer fails to pay the amount due to satisfy any interest payment which has not been deferred, and such failure continues for 14 days; or
- (b) the Issuer fails to pay the principal amount of the Notes, any accrued but unpaid interest and any Arrears of Interest on a Redemption Date, as may be postponed from time to time pursuant to these Conditions, and such failure continues for 14 days;

“Designated Account” means the account (which, in the case of a payment in Japanese yen to a non-resident of Japan, shall be a non-resident account) maintained by a Holder with a Designated Bank and identified as such in the register and “Designated Bank” means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro;

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate;

“Determination Agent” means an investment bank or financial institution of international standing selected by the Issuer after consultation with the Trustee;

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on, the Determination Date falling after, such date);

“EURIBOR” means the Euro-zone interbank offered rate;

“EUWA” means the European Union (Withdrawal) Act 2018, as amended or replaced from time to time (including, without limitation, by the European Union (Withdrawal Agreement) Act 2020);

“Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

“Further Notes” has the meaning given to such term in Condition 23;

“Gross Redemption Yield” means, with respect to a security, the gross redemption yield on such security, expressed as a percentage and calculated by the Determination Agent on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields”, page 4, Section One: Price/Yield Formulae “Conventional Gilts”; “Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998, as amended or updated from time to time) on a semi-annual compounding basis (converted to an annualised yield and rounded up (if necessary) to four decimal places) or on such other basis as the Trustee may approve in consultation with any relevant expert (such expert to be selected by the Trustee and approved by the Issuer), whose fees shall be payable together with the Trustee’s fees by the Issuer;

“Group” means the Issuer and its Subsidiaries;

“Group Insurance Undertaking” means an insurance undertaking whose data is included for the purposes of the calculation of the Solvency Capital Requirement of the Group pursuant to the Solvency II Regulations;

“HIBOR” means the Hong Kong interbank offered rate;

“Holding Company” means a parent undertaking within the meaning set out in section 1162 of the Companies Act 2006;

“IA Determination Cut-off Date” has the meaning given to such term in Condition 10.11;

“IA Mid Swap Determination Cut-off Date” has the meaning given to such term in Condition 9.4;

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets;

“Initial Rate of Interest” has the meaning specified in the Final Terms;

“Insolvent Insurer Winding-up” means:

(a) the winding-up of any Group Insurance Undertaking; or

- (b) the appointment of an administrator of any Group Insurance Undertaking,

in each case where the Issuer has determined, acting reasonably, that all Policyholder Claims of the policyholders of that Group Insurance Undertaking may or will not be met;

“insurance undertaking” has the meaning given to such term in the Solvency II Regulations;

“Interest Amount” means:

- (a) in respect of a Fixed Rate Note, the amount payable on an Interest Payment Date in respect of such Fixed Rate Note, calculated in accordance with Condition 8.4;
- (b) in respect of a Reset Note, the amount payable on an Interest Payment Date in respect of such Reset Note, calculated in accordance with Condition 9.2(b);
- (c) in respect of a Floating Rate Note, the amount payable on an Interest Payment Date in respect of such Floating Rate Note, calculated in accordance with Condition 10.14; and
- (d) in respect of a Fixed/Floating Rate Note, the amount payable on an Interest Payment Date in respect of such Fixed/Floating Rate Note, calculated in accordance with Condition 8.4 (to the extent that the Fixed Rate Note Provisions apply in respect of the relevant Interest Period) or Condition 10.14 (to the extent that the Floating Rate Note Provisions apply in respect of the relevant Interest Period);

“Interest Basis” means the basis for calculation of interest payable in respect of a Note, as specified in the Final Terms;

“Interest Determination Date” means, in respect of an Interest Reset Date, the first New York City Banking Day prior to such Interest Reset Date;

“Interest Payment Date” means the first Interest Payment Date and any date or dates specified as such in the Final Terms (each such date a “Specified Interest Payment Date”) and, if a Business Day Convention is specified in the Final Terms:

- (a) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (b) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the Final Terms as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

“Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date);

“Interest Rate Cut Off Date” means, in respect of an Interest Period, the fourth New York City Banking Day prior to the Interest Payment Date on which such Interest Period ends;

“Interest Reset Date” means, in respect of an Interest Period, each New York City Banking Day in such Interest Period up to and including the Interest Rate Cut Off Date;

“ISDA Definitions” means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes;

“Issuer Determination Cut-off Date” has the meaning given to such term in Condition 10.11;

“Issuer Mid Swap Determination Cut-off Date” has the meaning given to such term in Condition 9.4;

“Level 2 Regulations” means Commission Delegated Regulation (EU) No. 2015/35 of 10 October, 2014 supplementing Directive 2009/138/EC of the European Union of 25 November, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“Liabilities” means the total amount of the Issuer’s non-consolidated gross liabilities as shown by the then latest published balance sheet, but adjusted for contingencies and subsequent events and to such extent as the person or persons giving the Solvency Condition report may determine;

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

“Long Maturity Note” means a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note;

“Make Whole Redemption Price” means, as specified in the Final Terms, (i) the Spens Amount, calculated in accordance with Condition 14.8(h), (ii) the Make Whole Redemption Amount, calculated in accordance with Condition 14.8(i), or (iii) the amount per Calculation Amount specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;

“Margin” means the margin (if any) specified in the Final Terms;

“Mid Swap Benchmark Rate” means, subject as provided in Condition 9.4:

- (a) EURIBOR if the Specified Currency is euro;
- (b) HIBOR if the Specified Currency is Hong Kong dollars;
- (c) TIBOR if the Specified Currency is Japanese yen;
- (d) SIBOR if the Specified Currency is Singapore dollars; or
- (e) the benchmark rate specified as such in the Final Terms if the Specified Currency is not one of the currencies listed in (a) to (d) of this definition;

“Mid Swap Maturity” has the meaning specified in the Final Terms;

“Mid Swap Rate” means for any Reset Period the arithmetic mean of the bid and offered rates for the fixed leg payable with a frequency equivalent to the frequency with which scheduled interest payments are payable on the Notes during the relevant Reset Period (calculated on the day count basis customary for fixed rate payments in the Specified Currency as determined by the Calculation Agent) of a fixed for floating interest rate swap transaction in the Specified Currency which transaction:

- (a) has a term equal to the relevant Reset Period and commencing on the relevant Reset Date;
- (b) is in an amount that is representative for a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on the Mid Swap Benchmark Rate for the Mid Swap Maturity as specified in the Final Terms (calculated on the day count basis customary for floating rate payments in the Specified Currency as determined by the Calculation Agent);

“Minimum Capital Requirement” means the Minimum Capital Requirement of the Issuer, the Minimum Capital Requirement of the Group or the group Minimum Solvency Capital Requirement (as applicable) howsoever described in the Solvency II Regulations;

“New York City Banking Day” means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

“Optional Redemption Amount” means the amount so specified in the Final Terms, which shall be a single amount that applies from the Issue Date until redemption of the Notes;

“Optional Redemption Date” means the date so specified in the Final Terms, falling on or after the fifth anniversary of the Issue Date of the Notes;



“Ordinary Shares” means the ordinary shares of the Issuer, having at the date hereof, a par value of five pence each;

“Original Reference Rate” means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any relevant component part(s) thereof) on the Notes (or, if applicable, any other successor or alternative rate (or component part thereof)) determined and applicable to the Notes pursuant to the earlier operation of Condition 10.11;

“Other Tax Event” means an event of the type described in the definition of Tax Event occurring other than as a result of a Tax Law Change;

“Parity Securities” means capital instruments of the Issuer (including the Notes) preferred or preference shares or other securities issued by the Issuer together with any securities issued by a Subsidiary where such securities benefit from a guarantee or support agreement from the Issuer, the claims of the holders of which rank *pari passu* with the Notes as to participation in the Issuer’s assets in the event of its winding-up;

“Par Tax Event” means an event of the type described in the definition of Tax Event occurring as a result of a Tax Law Change;

“Payment Day” means any day which is (subject to Condition 13.5):

- (a) 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 the relevant place of presentation (in the case of Notes in definitive form only), London and each Additional Financial Centre specified in the Final Terms; and
- (b) either:
  - (i) in relation to any sum payable in a Specified Currency other than euro, 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 the principal financial centre of the country of the relevant Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); or
  - (ii) in relation to any sum payable in euro, a TARGET Business Day;

“Policyholder Claims” means claims of policyholders or beneficiaries in a winding-up, liquidation or administration of a Group Insurance Undertaking to the extent that those claims relate to any debt to which the Group Insurance Undertaking is, or may become, liable to a policyholder pursuant to a contract of insurance, including all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up or administration of insurance companies to reflect any right to receive, or expectation of receiving, benefits which such policyholders may have;

“PRA” means the Bank of England in its capacity as the Prudential Regulation Authority or any successor regulatory body or such other governmental authority in the UK having primary supervisory authority with respect to the Group;

“Qualifying Tier 2 Capital” means notes that have terms not materially less favourable to a holder than the terms of the Notes as reasonably determined by the Issuer in consultation with an independent investment bank of international standing and certified by two Directors of the Issuer to the Trustee, provided that they shall:

- (a) contain terms which comply with then current requirements in relation to Tier 2 Capital;
- (b) bear the same rate of interest from time to time applying to the Notes and preserve the Interest Payment Dates;
- (c) contain terms providing for compulsory deferral of payments of interest and/or principal only if such terms are not materially less favourable to a holder thereof than the compulsory deferral provisions applying to the Notes;
- (d) rank at least *pari passu* with the Notes;
- (e) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption, but provide that such Qualifying Tier 2 Capital may not be redeemed by the Issuer prior to the first Optional Redemption Date (if any) (save for redemption, substitution or variation on terms analogous with the terms of Condition 14.3, 14.4, 14.5, 14.6 and 14.7 and subject to the same conditions as those set out in Condition 4.10);
- (f) do not contain any term which provides for, requires or entitles the Issuer to effect any loss absorption through a write-down of the nominal amount of Qualifying Tier 2 Capital or conversion of such Qualifying Tier 2 Capital into Ordinary Shares;
- (g) preserve any existing rights under these Conditions to any Arrears of Interest and any other amounts payable under the Notes which, in each case, has accrued to Holders and not been paid; and
- (h) are listed or admitted to trading on a Recognised Stock Exchange;

“Rating Agency” means any of:

- (a) Moody’s Investors Service Ltd;
- (b) S&P Global Ratings Europe Limited; or
- (c) Fitch Ratings Limited,

or any successor of, or substitute for, such entity;

a “Rating Event” will be deemed to occur upon a change in methodology of a Rating Agency (or in the interpretation of such methodology) as a result of which the equity content, credit or treatment assigned by a Rating Agency to the Notes is, in the reasonable opinion of the Issuer, materially reduced when compared with the equity content, credit or treatment assigned by a Rating Agency to the Notes on (or about) the date on which agreement is reached to issue the first Tranche of the Notes;

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provisions, statute or statutory instrument replacing the same from time to time;

“Record Date” has the meaning given to such term in Condition 13.4(c)(ii);

“Redemption Date” means any date fixed for redemption in accordance with Condition 14;

“Reference Banks” means:

- (a) in respect of Reset Notes, the principal office in the Relevant Financial Centre of four major banks in the swap, money, securities or other market most closely connected with the Subsequent Reset Reference Rate as selected by the Issuer on the advice of an investment bank of international repute;
- (b) in respect of Floating Rate Notes (other than CMS Interest Linked Notes), in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone interbank market; and, in the case of a determination of a Reference Rate other than EURIBOR, the principal office in the Relevant Financial Centre of four major banks in the interbank market of the Relevant Financial Centre, in each case selected by the Issuer; and
- (c) in respect of CMS Interest Linked Notes, (i) where the Reference Currency is euro, the principal office of five leading swap dealers in the interbank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City interbank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre of five leading swap dealers in the Relevant Financial Centre interbank market, in each case as selected by the Issuer;

“Reference Bond” means for any Reset Period a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany) selected by the Issuer on the advice of an investment bank of international repute as having an actual or interpolated maturity comparable with the relevant Reset Period that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the relevant Reset Period;

“Reference Bond Price” means, with respect to any Reset Determination Date:

- (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations; or
- (b) if the Issue and Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

“Reference Government Bond Dealer” means each of five banks (selected by the Issuer on the advice of an investment bank of international repute), or their affiliates, which are:

- (a) primary government securities dealers, and their respective successors; or
- (b) market makers in pricing corporate bond issues;

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the relevant Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the relevant Reference Bond (expressed in each case as a percentage of its nominal amount) at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer;

“Reference Rate” means, as specified in the Final Terms:

- (a) EURIBOR;
- (b) SIBOR;
- (c) TIBOR;
- (d) HIBOR;
- (e) Bank of England Base Rate;
- (f) €STR;
- (g) SONIA;
- (h) the Federal Funds Rate;
- (i) the CMS Reference Rate;
- (j) Compounded Daily SOFR; or
- (k) Weighted Average SOFR,

in each case for the relevant currency and for the relevant period (if applicable), as specified for each in the Final Terms and in each case subject as provided in Condition 10.11;

“Regulatory Assets” means the assets eligible to satisfy the Regulatory Capital Requirement;

“Regulatory Capital Requirement” means any minimum or notional margin requirement in respect of solvency, or any minimum requirement in respect of regulatory capital or capital ratios for insurance companies, insurance holding companies or financial groups to which the Issuer, the Group or any insurance undertaking within the Group whether on a sole, group or consolidated basis is subject from time to time;

“Regulatory Event” is deemed to have occurred if the Notes are no longer capable of counting either:

- (a) as Tier 2 Capital for the purposes of the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis; or
- (b) as cover for capital requirements or treated as tier 2 “own funds” (howsoever described in the Capital Regulations and including any term or concept used to describe an equivalent measure or tier of capital resources contemplated by the Capital Regulations from time to time) applicable to the Issuer, the Group or any insurance undertaking within the Group whether on a solo, group or consolidated basis,

except where such non-qualification is as a result of any other applicable limitation on the amount of such capital;

“Relevant Banking Day” means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in the place where the specified office of the Registrar is located;

“Relevant Date” means the date on which a payment first becomes due and payable, except that, if the full amount of the moneys payable has not been duly received by the Issuer and Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Holders in accordance with Condition 21;

“Relevant Financial Centre” means the financial centre specified as such in the Final Terms or if none is so specified: (i) in the case of a determination of EURIBOR, Brussels, (ii) in the case of a determination of SIBOR, Singapore, (iii) in the case of a determination of TIBOR, Tokyo, (iv) in the case of a determination of HIBOR, Hong Kong or (v) in the case of a determination of the Bank of England Base Rate, London;

“Relevant Issue Date” means the later of (i) the Issue Date and (ii) the latest issue date of any Further Notes;

“Relevant Nominating Body” means, in respect of any Original Reference Rate:

- (a) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (b) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (i) the central bank for the currency to which such Original Reference Rate relates, (ii) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (iii) a group of the aforementioned central banks or other supervisory authorities or (iv) the Financial Stability Board or any part thereof;

“Relevant Screen Page” means the screen page specified in the Final Terms (or any successor);

“Relevant Swap Rate” means:

- (a) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions; and
- (b) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Issuer in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice;

“Relevant Time” means the time specified as such in the Final Terms or if none is so specified:

- (a) in the case of a determination of EURIBOR, 11.00 a.m.;
- (b) in the case of a determination of SIBOR, 11.00 a.m.;
- (c) in the case of a determination of TIBOR, 11.00 a.m.;
- (d) in the case of a determination of HIBOR, 11.00 a.m.; or
- (e) in the case of a determination of the Bank of England Base Rate, 11.00 a.m.,

in each case, in the Relevant Financial Centre;

“Remaining Term Interest” means:

- (a) with respect to any Dated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term to:
  - (i) the Maturity Date; or
  - (ii) if an Optional Redemption Date is specified in the Final Terms, the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date; and
- (b) with respect to any Undated Note, the aggregate amount of scheduled payment(s) of interest (assuming each such scheduled interest payment to be due in full) on such Note for the remaining term until the first Optional Redemption Date of such Note determined on the basis of the rate of interest applicable to such Note from and including the Redemption Date;

“Representative Amount” means an amount that is representative for a single transaction in the relevant market at the relevant time;

“Reset Date(s)” means the date(s) specified in the Final Terms;

“Reset Determination Date” means, for each Reset Period, the date as specified in the Final Terms falling on or before the commencement of such Reset Period on which the rate of interest applicable to such Reset Period will be determined;

“Reset Margin” means the margin specified in the Final Terms;

“Reset Period” means the period from (and including) the first Reset Date to (but excluding) the Maturity Date (if any) if there is only one Reset Period or, if there is more than one Reset Period, each period from (and including) one Reset Date (or the first Reset Date) to (but excluding) the next Reset Date up to (but excluding) the Maturity Date (if any);

“Senior Creditors” means any creditors of the Issuer who are unsubordinated creditors of the Issuer (including all policyholders and beneficiaries (and including, for the avoidance of doubt, all Policyholder Claims));

“SIBOR” means the Singapore interbank offered rate;

“Solvency Capital Requirement” means the Solvency Capital Requirement of the Issuer or the Solvency Capital Requirement of the Group referred to in the Solvency II Regulations;

“Solvency Condition” has the meaning set forth in Condition 4.5;

“Solvency II Directive” means Directive 2009/138/EC of the European Union of 25 November, 2009 on the taking-up and pursuit of the business of insurance and reinsurance (Solvency II) (as amended);

“Solvency II Regulations” means the United Kingdom transposition of the Solvency II Directive and the Level 2 Regulations, as each forms part of retained EU law (as defined in the EUWA), and as each may be amended or replaced by the laws of England and Wales from time to time, and any additional measures adopted to give effect to thereto, whether by way of regulation, guidelines, the rules and regulations of the PRA or otherwise;

“Subsequent Reset Rate” means, for any Reset Period, the sum of:

- (a) the applicable Subsequent Reset Reference Rate; and
- (b) the applicable Reset Margin (rounded down to four decimal places, with 0.00005 being rounded down);

“Subsequent Reset Rate Screen Page” has the meaning specified in the Final Terms;

“Subsequent Reset Rate Time” has the meaning specified in the Final Terms;

“Subsequent Reset Reference Rate” means either:

- (a) if “Mid Swaps” is specified in the Final Terms, the Mid Swap Rate displayed on the Subsequent Reset Rate Screen Page at or around the Subsequent Reset Rate Time on the relevant Reset Determination Date for such Reset Period; or
- (b) if “Reference Bond” is specified in the Final Terms, the annual yield to maturity or interpolated yield to maturity (on the relevant day count basis) of the relevant Reference Bond, assuming a price for such Reference Bond (expressed as a percentage of its nominal amount) equal to the relevant Reference Bond Price;

“Subsidiary” means a subsidiary undertaking within the meaning set out in section 1162 of the Companies Act 2006;

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent;

“Successor Reference Rate” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Original Reference Rate by any Relevant Nominating Body;

“TARGET Business Day” means a day on which the TARGET2 System is open for settlement of payments in euro;



“TARGET2 System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System or any successor thereto;

“Tax Event” means an event where the Issuer determines that: (a) in making any interest payments or Arrears of Interest payments on the Notes, it has paid, or will or would on the next Interest Payment Date be required to pay, additional amounts as provided in Condition 9 and the same cannot be avoided by using reasonable measures available to it; (b) payments, including payment of Arrears of Interest on the next Interest Payment Date in respect of any Notes would be treated as “distributions” within the meaning of section 1000 of the Corporation Tax Act 2010 (as amended, re-enacted or replaced); or (c) the Issuer would not be entitled to obtain a deduction in computing its UK tax liabilities in respect of any interest payment (including payment of any Arrears of Interest) on the Notes as a class, or the value of the deduction to the Issuer would be materially reduced;

“Tax Law Change” means a change in or amendment to the laws or regulations of the United Kingdom or any political sub-division or any authority thereof or therein having 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 those laws or regulations (including a change or amendment resulting from a holding by a court or tribunal or competent jurisdiction) which change or amendment becomes effective or, in the case of a change in law, is enacted on or after the Relevant Issue Date;

“TIBOR” means the Tokyo interbank offered rate;

“Tier 1 Capital” has the meaning given to such term for the purposes of the Capital Regulations from time to time;

“Tier 2 Capital” has the meaning given to such term for the purposes of the Capital Regulations from time to time;

“Tier 2 Own Funds” has the meaning given to such term in the Solvency II Regulations;

“Transfer Date” shall be the Relevant Banking Day following the day on which the relevant Registered Note shall have been surrendered for transfer in accordance with Condition 2.4;

“Undated Notes” means any Notes issued without a Maturity Date specified in the Final Terms.

“U.S. Federal Funds Rate” means, in respect of an Interest Determination Date, the rate for U.S. dollar federal funds on such Interest Determination Date as published in H.15(519) under the caption “Federal Funds (effective)” and displayed on Reuters (or any successor service) on page FEDFUNDS1 under the caption “EFFECT” (or any other page as may replace the specified page on that service) (“FEDFUNDS1 Page”), provided that:

- (a) if the U.S. Federal Funds Rate for an Interest Determination Date does not so appear on the FEDFUNDS1 Page or is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, in respect of such Interest Determination

Date, the U.S. Federal Funds Rate for such Interest Determination Date shall be as published in H.15 Daily Update, or such other recognised electronic source used for the purpose of displaying the applicable rate, under the caption “Federal funds (effective)”; and

- (b) if the U.S. Federal Funds Rate is not so published by 5.00 p.m. (New York City time) on the Interest Reset Date, the U.S. Federal Funds Rate with respect to such Interest Determination Date shall be the U.S. Federal Funds Rate for the first preceding day for which the U.S. Federal Funds Rate is set forth in H.15(519) opposite the caption “Federal funds (effective)”, as the U.S. Federal Funds Rate is displayed on the FEDFUNDS1 Page; and

“Weighted Average SOFR” means, in relation to any Interest Period, the arithmetic mean of SOFR<sub>i</sub> in effect for each U.S. Government Securities Business Day during such Interest Period (each such U.S. Government Securities Business Day, “i”), calculated by multiplying the relevant SOFR<sub>i</sub> for any U.S. Government Securities Business Day “i” by the number of days such SOFR<sub>i</sub> is in effect (being the number of calendar days from (and including) such U.S. Government Securities Business Day “i” up to (but excluding) the following U.S. Government Securities Business Day), determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Period;

where:

"Federal Reserve's Website" means the website of the Board of Governors of the Federal Reserve System currently at <http://www.federalreserve.gov>, or any successor website;

"New York City Banking Day" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York City;

"New York Federal Reserve's Website" means the website of the Federal Reserve Bank of New York currently at <http://www.newyorkfed.org>, or any successor website;

“OBFR” or “Overnight Bank Funding Rate” means, in relation to any New York City Banking Day (the “OBFR Determination Date”), the daily overnight bank funding rate as published by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator) at or around 5:00 pm (New York City time) on the New York Federal Reserve's Website on the next succeeding New York City Banking Day for trades made on such OBFR Determination Date;

“OBFR Index Cessation Effective Date” means, in relation to an OBFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Overnight Bank Funding Rate) ceases

to publish the daily Overnight Bank Funding Rate or the date as of which the daily Overnight Bank Funding Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) announcing that it has ceased or will cease to publish or provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide a daily Overnight Bank Funding Rate;
- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Overnight Bank Funding Rate) has ceased or will cease to provide the daily Overnight Bank Funding Rate permanently or indefinitely, provided that, at that time, there is no successor administrator that will continue to publish or provide the daily Overnight Bank Funding Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Overnight Bank Funding Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SIFMA” means the Securities Industry and Financial Markets Association (or any successor thereto);

“SOFR” means:

- (i) in relation to any U.S. Government Securities Business Day (the "SOFR Determination Date"), the daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date;
- (ii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have not both occurred, the daily Secured Overnight Financing Rate in respect of the last U.S. Government Securities Business Day for which such rate was published on the New York Federal Reserve's Website; or
- (iii) if the rate specified in (i) above is not so published, and a SOFR Index Cessation Event and SOFR Index Cessation Effective Date have both occurred, “SOFR” in relation to such SOFR Determination Date shall be the rate that was recommended as the replacement for the daily Secured Overnight Financing Rate by 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 for the purpose of recommending a replacement for the daily Secured Overnight Financing Rate (which rate may be produced by the Federal Reserve Bank of New York or other designated administrator, and which rate may include any adjustments or spreads); provided, however, that, if no such rate has been recommended within one U.S. Government Securities Business Day of the SOFR Index Cessation Effective Date, then:

- (1) subject to (2) below, "SOFR" in relation to each SOFR Determination Date falling on or after the SOFR Index Cessation Effective Date shall be equal to the rate determined in accordance with (i) or (ii) above (as applicable) but as if:
  - (aa) references in this definition of "Weighted Average SOFR" to "U.S. Government Securities Business Day" were to "New York City Banking Day" (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, "Weighted Average SOFR" shall be construed so that it means the arithmetic mean of (x) SOFR<sub>i</sub> in effect for each U.S. Government Securities Business Day in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y) SOFR<sub>i</sub> in effect for each New York City Banking Day in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and the definition of "Weighted Average SOFR" shall be construed accordingly);
  - (bb) references to "daily Secured Overnight Financing Rate" were to the "daily Overnight Bank Funding Rate";
  - (cc) references to "SOFR Index Cessation Event" were references to "OBFR Index Cessation Event"; and
  - (dd) references to "SOFR Index Cessation Effective Date" were references to "OBFR Index Cessation Effective Date"; and
- (2) if the rate specified in (1) above is not so published and an OBFR Index Cessation Event and an OBFR Index Cessation Effective Date have both occurred, then, in relation to each SOFR Determination Date falling on or after the later of the SOFR Index Cessation Effective Date and the OBFR Index Cessation Effective Date, "SOFR" shall be equal to the rate determined in accordance with (i) above but as if:

- (aa) references in this definition of “Weighted Average SOFR” to “U.S. Government Securities Business Day” were to “New York City Banking Day” (but so that, in the case of the Interest Period in which the SOFR Index Cessation Effective Date occurred, “Weighted Average SOFR” shall be construed so that it means the arithmetic mean of (x)  $SOFR_i$  in effect for each U.S. Government Securities Business Day in such Interest Period up to (but excluding) the SOFR Index Cessation Effective Date and (y)  $SOFR_i$  in effect for each New York City Banking Day in such Interest Period from (and including) the SOFR Index Cessation Effective Date, and the definition of “Weighted Average SOFR” shall be construed accordingly); and
- (bb) the reference in paragraph (i) above to the “daily Secured Overnight Financing Rate published at or around 5:00 p.m. (New York City time) on the New York Federal Reserve's Website on the next succeeding U.S. Government Securities Business Day for trades made on such SOFR Determination Date” were a reference to the short-term interest rate target set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Determination Date or, if the Federal Open Market Committee has not set a single rate, the mid-point of the short-term interest rate target range set by the Federal Open Market Committee, as published on the Federal Reserve's Website and as prevailing on such SOFR Determination Date (calculated as the arithmetic average of the upper bound of the target range and the lower bound of the target range, rounded, if necessary, to the nearest second decimal place with 0.005 being rounded upwards);

“SOFR Index Cessation Effective Date” means, in relation to a SOFR Index Cessation Event, the date on which the Federal Reserve Bank of New York (or any successor administrator of the daily Secured Overnight Financing Rate) ceases to publish the daily Secured Overnight Financing Rate, or the date as of which the daily Secured Overnight Financing Rate may no longer be used;

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

- (i) a public statement by the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) announcing that it has ceased or will cease to publish or provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided

that, at that time, there is no successor administrator that will continue to publish or provide a daily Secured Overnight Financing Rate;

- (ii) the publication of information which reasonably confirms that the Federal Reserve Bank of New York (or a successor administrator of the daily Secured Overnight Financing Rate) has ceased or will cease to provide the daily Secured Overnight Financing Rate permanently or indefinitely, provided that, at that time there is no successor administrator that will continue to publish or provide the daily Secured Overnight Financing Rate; or
- (iii) a public statement by a U.S. regulator or other U.S. official sector entity prohibiting the use of the daily Secured Overnight Financing Rate that applies to, but need not be limited to, all swap transactions, including existing swap transactions;

“SOFR Reset Date” means, in relation to any Interest Period, each U.S. Government Securities Business Day during such Interest Period, other than any U.S. Government Securities Business Day in the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date (such period, the “Cut-Off Period”);

“SOFR<sub>i</sub>” means, in relation to any Interest Period and any U.S. Government Securities Business Day “i”:

- (i) if such U.S. Government Securities Business Day is a SOFR Reset Date, SOFR in relation to the U.S. Government Securities Business Day immediately preceding such SOFR Reset Date; and
- (ii) if such U.S. Government Securities Business Day is not a SOFR Reset Date (being a U.S. Government Securities Business Day falling in the Cut-Off Period), SOFR in relation to the U.S. Government Securities Business Day immediately preceding the last SOFR Reset Date in such Interest Period; and

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

“Weighted Average U.S. Federal Funds Rate” means:

D1/D2

where:

“D1” means, in respect of an Interest Period, the sum of the Relevant Rates for each calendar day in such Interest Period. For any calendar day in the relevant

Interest Period that is an Interest Determination Date, the “Relevant Rate” is the U.S. Federal Funds Rate on such Interest Determination Date. For any calendar day in such Interest Period that is not an Interest Determination Date, the Relevant Rate for such calendar day shall be the Relevant Rate on the immediately preceding Interest Determination Date; and

“D2” shall mean the number of calendar days in the Interest Period.

**25. Governing Law**

The Trust Deed, the Notes and the Coupons (and any non-contractual obligations arising therefrom or in connection therewith) shall be governed by, and construed in accordance with, English law.

**26. Contracts (Rights Of Third Parties) Act 1999**

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.

## PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the relevant Terms and Conditions of the Notes while the Notes are represented by the Global Notes.

### 1. Form of Global Notes

#### (a) Registered Notes

Unless otherwise provided with respect to a particular Series of Registered Notes, each Tranche of Registered Notes offered and sold in reliance on Regulation S under the Securities Act, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Regulation S Global Note which will be deposited with a common depository or (in the case of Notes intended to be held under the NSS) a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of a common nominee of, Euroclear and Clearstream, Luxembourg or in the name of a nominee of the common safekeeper, as specified in the applicable Final Terms. Prior to expiry of the distribution compliance period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Regulation S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 2 of the relevant Terms and Conditions and may not be held otherwise than through Euroclear or Clearstream, Luxembourg and such Regulation S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche of a particular Series may only be offered and sold in the United States or to U.S. persons in private transactions to QIBs. The Registered Notes of each Tranche sold to QIBs in reliance on Rule 144A under the Securities Act will be represented by a Rule 144A Global Note which will be deposited with Citibank, N.A., London Branch as custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Registered Notes will not be exchangeable for Bearer Notes.

Interests in the Regulation S Global Note and the Rule 144A Global Note will be exchangeable for Definitive Registered Notes without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes “Exchange Event” means: (i) (in the case of both the Regulation S Global Note and the Rule 144A Global Note) (a) in respect of Senior Notes, an Event of Default (as defined in the Trust Deed) has occurred and is continuing; or (b) in respect of Tier 2 Notes, a Default has occurred and is continuing, (ii) (in the case of a Regulation S Global Note) Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system satisfactory to the Trustee is available; (iii) (in the case of the Rule 144A Global Note) DTC has notified the Issuer that it is no longer willing or



able to discharge properly its responsibilities as depository with respect to the Rule 144A Global Note or has ceased to be a "Clearing Agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of such depository; and (iv) (in the case of both the Regulation S Global Note or the Rule 144A Global Note), the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Registered Notes represented by the relevant Registered Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Holders in accordance with Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 21 of the Terms and Conditions of the Tier 2 Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or, as the case may be, DTC (acting on the instructions of any holder of an interest in the relevant Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the case of (iv) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall take place not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

Definitive Registered Notes may also be sold outside the United States in reliance on Regulation S under the Securities Act.

Payments of the principal of, and interest (if any) on, the Registered Global Notes will be made to the nominee of DTC and/or of Euroclear and/or Clearstream, Luxembourg as the registered holder(s) of the Registered Global Notes. None of the Issuer, the Trustee, any Paying Agent and the Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of interest on the Registered Global Notes will be made on the relevant payment date to the person in whose name such Notes are registered on the Record Date (as defined in Condition 6.4 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 13.4 of the Terms and Conditions of the Tier 2 Notes) immediately preceding such payment date.

The Holder of a Registered Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Registered Global Note and the Issuer will be discharged by payment to, or to the order of, the Holder of such Registered Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other clearing system as the beneficial holder of a particular nominal amount of Notes represented by such Registered Global Note must look solely to Euroclear, Clearstream, Luxembourg, DTC or such other clearing system, as

the case may be, for its share of each payment so made by the Issuer to, or to the order of, the Holder of such Registered Global Note.

**(b) Bearer Notes**

Each Tranche of Bearer Notes will initially be represented by either: (i) a Temporary Global Note; or (ii) a Permanent Global Note, in each case without interest coupons or talons. The Global Notes will (i) if the Bearer Global Notes are intended to be issued in NGN form (“NGN”), as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear and Clearstream, Luxembourg; or (ii) if the Bearer Global Notes are not intended to be issued in NGN form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depository for Euroclear and Clearstream, Luxembourg. In the case of each Tranche of Bearer Notes the applicable Final Terms will specify whether U.S. Treasury Regulations § 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) (the “C Rules”) or U.S. Treasury Regulations § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation Section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act 2010) (the “D Rules”) would apply in relation to such Notes or, if such Notes do not have a maturity of more than one year and are not otherwise treated as in registered form for U.S. federal tax purposes, that TEFRA is not applicable. Bearer Notes (other than Temporary Global Notes) with an original maturity of more than one year and any Coupon or Talon appertaining thereto will bear a legend substantially to the following effect, unless the applicable Final Terms specify that C Rules apply or TEFRA does not apply: “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.” The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon generally will not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

Whilst any Bearer Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream,

Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Issue and Paying Agent. The foregoing U.S. beneficial ownership certification requirement will not be applicable to payments of principal and interest (if any) on any Bearer Note that is treated as in registered form for U.S. federal income tax purposes.

On and after the date (the “Exchange Date”) which is 40 days after the date on which any Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for interests in a Permanent Global Note without interest coupons or talons or for Definitive Bearer Notes with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms) in each case (if the Bearer Notes are subject to the D Rules) against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless upon due certification exchange of the Temporary Global Note is improperly withheld or refused.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not issued in NGN form) without any requirement for certification. The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer Notes with, where applicable, interest coupons and talons attached either (a) upon not less than 30 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Issue and Paying Agent as described therein or (b) only upon the occurrence of an Exchange Event. For these purposes “Exchange Event” means that: (i) (a) in respect of Senior Notes, an Event of Default (as listed in Condition 10 of the Terms and Conditions of the Senior Notes) has occurred and is continuing or (b) in respect of Tier 2 Notes, a Default has occurred and is continuing; (ii) Euroclear or Clearstream, Luxembourg has been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or has announced an intention permanently to cease business or has in fact done so and, in any such case, no alternative clearing system satisfactory to the Trustee is available, or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Bearer Notes represented by the Permanent Global Note in definitive form and a certificate to such effect signed by two directors of the Issuer is given to the Trustee. The Issuer will promptly give notice to the Holders in accordance with Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 21 of the Terms and Conditions of the Tier 2 Notes if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Issue and Paying Agent requesting exchange and, in the case of (iii) above, the

Issuer may also give notice to the Issue and Paying Agent requesting exchange. Any such exchange shall take place not later than 45 days after the date of receipt of the first relevant notice by the Issue and Paying Agent.

The exchange upon notice option, as described in paragraph (a) above, should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Bearer Notes.

Bearer Notes will not be exchangeable for Registered Notes.

**(c) General**

Pursuant to the Agency Agreement (as defined under the relevant Terms and Conditions), the Issue and Paying Agent shall arrange that, where a further Tranche of Notes is issued and represented by a Temporary Global Note, the Notes of such Tranche shall be assigned (where applicable) a common code and ISIN by Euroclear and Clearstream, Luxembourg or CUSIP number which are different from the common code and ISIN or CUSIP number assigned to Notes of any other Tranche of the same Series until at least 40 days (as notified by the Issue and Paying Agent to the relevant Dealer or, in the case of a syndicated issue, the lead manager) after the completion of the distribution of the Notes of such Tranche.

Notes which are represented by a Global Note will be transferable only in accordance with the applicable procedures of DTC, Euroclear and Clearstream, Luxembourg, in each case, to the extent applicable.

In respect of Notes represented by a global Note issued in NGN form or held under the NSS, the nominal amount of such Notes shall be the aggregate amount from time to time entered in the records of both Euroclear and Clearstream, Luxembourg. The records of Euroclear and Clearstream, Luxembourg shall be conclusive evidence of the nominal amount of such Notes and a statement issued by Euroclear and/or Clearstream, Luxembourg shall be conclusive evidence of the records of such parties at that time.

The Issuer has entered or will enter into an agreement with Euroclear and Clearstream, Luxembourg (the "ICSDs") in respect of any Notes issued in NGN form or held under the NSS that the Issuer may request be made eligible for settlement with the ICSDs (the "Issuer-ICSDs Agreement"). The Issuer-ICSDs Agreement sets out or will set out that the ICSDs will, in respect of any such Notes, *inter alia*, maintain records of their respective portion of the issue outstanding amount and will, upon the Issuer's request, produce a statement for

the Issuer's use showing the total nominal amount of its customer holding of such Notes as of a specified date.

Where the global Notes issued in respect of any Tranche are in NGN form or held under the NSS, the ICSDs will be notified whether or not such global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The common safekeeper for NGNs and Notes held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

## **2. Notices**

For so long as all of the Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes, and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, notices to Holders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 14 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 21 of the Terms and Conditions of the Tier 2 Notes provided that, so long as such Notes are listed on a stock exchange or admitted to listing by another relevant authority, such stock exchange or other relevant authority so agrees. Any such notice shall be deemed to have been given to the Holders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be) as aforesaid.

## **3. Accountholders**

For so long as all of the Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or DTC as the holder of a particular nominal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or DTC (as the case may be) as to the nominal amount of such 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 Holders) other than with respect to the payment of principal and interest on such nominal amount of such Notes and, in the case of DTC or its nominee, voting, giving consents and making requests, the rights to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Temporary Global Note or, as the case may be, Permanent Global Note

or, as the case may be, the registered holder of the Registered Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg or DTC, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

#### **4. Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 8 of the Terms and Conditions of the Senior Notes or, as the case may be, Condition 24 of the Terms and Conditions of the Tier 2 Notes).

#### **5. Cancellation**

Cancellation of any Note represented by a Global Note and required by the relevant Terms and Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Issue and Paying Agent of the reduction in the nominal amount of the relevant Global Note on the relevant schedule thereto.

#### **6. Investor Put – Senior Notes only**

For so long as all of the Senior Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, the option of the Holders provided for in Condition 7.4 of the Terms and Conditions of the Senior Notes may be exercised by the Accountholders giving a duly completed redemption notice in the form obtainable from any of the Paying Agents to the Issue and Paying Agent of the nominal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Issue and Paying Agent for notation accordingly within the time limits set forth in that Condition. Such redemption notices shall be given in accordance with the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC (as the case may be).

#### **7. Issuer Call**

For so long as all of the Senior Notes of a Series are represented by either (i) a Temporary Global Note and/or a Permanent Global Note or (ii) one or more Registered Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg and/or DTC, no drawing (if applicable) of Senior Notes will be required under Condition 7.3 of the Terms and Conditions of the Senior Notes in the event that the Issuer exercises its call option pursuant to Condition 7.3 in respect of less than the aggregate nominal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg and/or DTC shall operate to determine which interests in the Global Note(s) are to be subject to such option (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).

**8. Euroclear, Clearstream, Luxembourg and DTC**

References herein to Euroclear and/or Clearstream, Luxembourg and/or DTC shall (except in relation to Notes issued in NGN form or held under the NSS) be deemed to include references to any other clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Issue and Paying Agent and the Trustee.

## USE OF PROCEEDS

Unless the relevant Final Terms specifies the relevant Series of Notes as being ESG Bonds (as defined below), the net proceeds from each issue of Notes will be applied by the Issuer for general corporate purposes.

### **ESG Bonds**

If the relevant Final Terms specifies that a Series of Notes are to finance or re-finance certain projects and activities that promote environmental, social, governance, sustainable, or green purposes (such activities being “**Eligible Activities**” and thereto related Notes being “**ESG Bonds**”) then, unless otherwise specified in the relevant Final Terms, the Issuer will use the net proceeds from such issue of Notes to fund Eligible Activities.



## DESCRIPTION OF THE GROUP

### 1. Introduction

The Issuer was incorporated and registered in England and Wales under the Companies Act as a private company limited by shares and under the name Voyager Dallas Holding Company Limited on 2 July 2018 with registered number 11444019. On 3 July 2018, the Issuer changed its name to M&G Prudential Limited. On 24 July 2019, the Issuer was re-registered as a public limited company and changed its name to M&G Prudential plc. On 16 September 2019, the Issuer changed its name to M&G plc.

On 14 March 2018, Prudential plc (the former parent company of the Issuer) announced its intention to undertake a demerger of the Issuer (the “Demerger”). The Demerger became effective on 21 October 2019.

The principal activity of the Issuer is to act as the ultimate holding company of the Group. The principal legislation under which the Issuer operates is the Companies Act and regulations made thereunder.

The Issuer is domiciled in England and Wales with its registered and head office at 10 Fenchurch Avenue, London EC3M 5AG, United Kingdom. The telephone number of the Issuer’s registered office is +44 (0)20 7626 4588 and its website is <https://www.mandgplc.com/>. The information on the Issuer’s website does not form part of this Prospectus.

The legal entity identifier (“LEI”) of the Issuer is 254900TWUJUQ44TQJY84.

### 2. Business Overview

The Group is an international savings and investments business serving over 5 million retail customers, who want to build and protect their life savings, and provide investment solutions to over 800 institutional clients. The Group’s innovative asset management and customer solutions are supported by its extensive investment capabilities, an international distribution network and two strong brands: Prudential and M&G Investments. The Group operates internationally and distributes its products across 28 markets in 25 locations. In the UK and continental Europe, the Group provides a range of long-term savings and investment solutions, including PruFund. In the Americas, Africa, Asia and Australia, the Group also provides asset management solutions. As at 30 June 2021, the Group’s AuMA totalled £370.0 billion.

The Group operates across two operating segments: Savings & Asset Management and Heritage. The Savings & Asset Management segment, with £238.0 billion AuMA as at 30 June 2021, comprises the Group’s Retail Savings (including PruFund) and Asset Management business as well as its Institutional Asset Management business. The Heritage segment, with £130.1 billion AuMA as at 30 June 2021, primarily comprises the Group’s traditional with-profits business as well as its annuities and corporate pensions businesses.

#### ***The Group as an asset owner and asset manager***

As at 30 June 2021, the Group held £214.9 billion of assets which back its Retail Savings solutions, legacy annuity products, with-profits policies and unit-linked solutions (the “Prudential

UK&E Assets”). The Group has an in-house fiduciary manager, the Investment Office, which manages these assets and aims to provide policyholders and customers with the best returns in the most efficient manner in line with their risk appetite. The Investment Office takes a dynamic approach to strategic asset allocation, which takes into account material shifts in capital market valuations. The investment philosophy of the Investment Office is underpinned by the following key strategies:

- Taking a long-term approach.
- Diversification across a variety of asset classes.
- Realising the importance of value and valuation.
- Seeking appropriate illiquidity and credit risk premiums.
- Investing in attractive new asset classes and developing the overall asset mix.
- Taking into account ESG issues.

The Investment Office comprises a team of economists, investment strategists and analysts. The fiduciary management activities of the Investment Office are undertaken within a governance framework for which the PAC Board (which contains a majority of independent directors) is responsible.

The Prudential UK&E Assets are invested with M&G and a number of third party asset managers. As at 30 June 2021, £144 billion of the Prudential UK&E Assets were invested with M&G and £71 billion were invested with other external asset managers.

The Group is an investment manager for retail customers, institutional clients and the Prudential UK&E Assets. As at 30 June 2021, it had £370.0 billion AuMA, of which £62.8 billion originated from external retail customers and £89.7 billion originated from external institutional clients. The Group’s asset management business is specialised in active solutions with an opportunity to add significant value, with strengths in the less commoditised segments of the asset management market.

### ***Savings & Asset Management: Retail***

The Group offers a variety of savings and asset management solutions to its retail customers, including the Retirement Account (an online account-based plan that contains both a savings and drawdown feature), Individual Savings Account (“ISAs”), bonds and a broad range of investment funds. Most of the Group’s Retail Savings solutions allow retail customers to invest in the Group’s PruFund propositions, investment funds which offer individuals different rates of smoothed return aligned with their tolerance for risk.

The Group also offers a diversified range of actively managed mutual funds spanning the public markets, including cash, fixed income, international equities and real estate. These mutual funds are made available to retail customers through either UK domiciled OEICs or Luxembourg

domiciled SICAVs. They are distributed to retail customers using the Group's many business-to-business relationships in the UK, Europe, the Middle East & Africa, Asia-Pacific and the Americas.

The retail part of the Savings & Asset Management segment, with £147.6 billion AuMA as at 30 June 2021, provides a range of long-term savings and asset management solutions to the Group's retail customers.

### ***Savings & Asset Management: Institutional***

The Group's Institutional Asset Management business offers clients access to a diverse range of fixed income and real estate investment products and services through segregated mandates and pooled funds. The Institutional Asset Management business aims to help pension funds, sovereign wealth funds and other large institutional investors match liabilities and achieve their growth targets. It has a client-centric approach which focuses on offering bespoke solutions to solve clients' problems and on building and maintaining client trust by delivering on performance expectations. This approach has seen the AuMA from external institutional clients increase significantly over the last decade, from £22 billion as at 31 December 2008 to £89.7 billion as at 30 June 2021.

The Institutional Asset Management business has over 800 clients and also provides active asset management services for the Investment Office. Over the first six months of 2021, an average of £97 billion of the AuMA of the Institutional Asset Management business related to Prudential UK&E Assets managed by the Investment Office.

### ***Heritage***

The Group's Heritage segment, with £130.1 billion AuMA as at 30 June 2021, primarily comprises the Group's traditional with-profits business as well as its annuities and corporate pensions businesses. It also includes a number of smaller legacy businesses such as individual pensions and income drawdowns. In response to regulatory and market changes over the past decade, the Group has shifted new business sales away from the capital-intensive annuity business and corporate pensions to focus on other products. The majority of the products in the Group's Heritage segment are therefore closed to new customers, although top-ups from existing policyholders are permitted. Furthermore, these products still generate significant cash flow and adjusted operating profit before tax (£282 million of adjusted operating profit before tax for the six months ended 30 June 2021, £699 million of adjusted operating profit before tax for the year ended 31 December 2020, and £752 million of adjusted operating profit before tax for the year ended 31 December 2019).

The Heritage business is one of the key areas of focus for the Transformation Programme which is being implemented by the Group as many of the products in this business are supported by legacy systems. Improving the Group's ability to ensure that its Heritage customers receive the best possible outcomes is an important focus of the programme.

## **3. Brands**

The Group markets its propositions through a number of well-recognised operating brands, including Prudential and M&G Investments.

The Prudential brand is a key part of the Group's heritage, with its origins tracing back to 1848. The Directors believe that the Prudential brand stands for integrity, security and trust – values which remain central to the Group's business today. The Group uses the Prudential brand to sell its Retail Savings solutions in the UK and continental Europe, including the Retirement Account and the Prudential ISA.

The M&G brand was first used 90 years ago, when M&G launched the first unit trust in the UK in 1931. The Directors believe that the M&G Investments brand stands for conviction, energy and originality – values which underpin the Group's asset management offering. The Group uses the M&G Investments brand to sell its retail and Institutional Asset Management products. The M&G Investments brand is well established in its core European markets; remaining in the top 20 Fund Buyer Focus brands in Europe since 2011.

#### **4. Market Overview**

The Group competes in selected segments of the international financial services market, primarily in the UK and continental Europe, with other operations in the Americas, Africa, Asia and Australia. In the UK, the Group primarily competes in the savings and investments market, through its Prudential and M&G Investments brands, providing a range of long-term savings and asset management solutions for retail customers and institutional clients. Outside the UK, the Group primarily competes in the retail and Institutional Asset Management markets through its M&G brand.

At the end of 2020, the global asset management industry – including the captive assets of insurance companies and pension funds – had assets under management of US\$103 trillion<sup>1</sup>. This represented an increase of 11 per cent. from US\$93 trillion<sup>2</sup> in 2019, driven by strong market performance and net flows into the industry. Growth was seen in most regions of the world. European assets under management were US\$26 trillion<sup>3</sup> of this total, up by 10 per cent.<sup>4</sup> from the previous year. The UK was the single largest market therein at US\$6 trillion<sup>5</sup>, up 10 per cent.<sup>6</sup> from the previous year despite the uncertainty around Brexit and the Covid-19 crisis.

#### **5. Ratings**

As at 5 August 2021 (being the latest practicable date prior to publication of this Prospectus), the Group's ratings were A2 by Moody's, A by S&P and A+ by Fitch.

#### **6. Directors of the Issuer**

The Directors and their principal functions within the Issuer, together with a brief description of their principal business activities outside the Issuer, are set out below. The business address of

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<sup>1</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

<sup>2</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

<sup>3</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

<sup>4</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

<sup>5</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

<sup>6</sup> Boston Consulting Group, Global Asset Management 2021: The \$100 Trillion Machine

each of the Directors (in such capacity) is 10 Fenchurch Avenue, London EC3M 5AG, United Kingdom.

<b>Name</b>	<b>Position</b>	<b>Current directorships and partnerships</b>
Fiona Clutterbuck	Interim Chair	Paragon Bank PLC Paragon Banking Group PLC Sampo PLC
John Foley	Chief Executive Officer	Mailliwear Limited The Mews (Tenterden) Management Company Limited Mundy Bois Limited
Clare Bousfield	Chief Financial Officer	RSA Insurance Group Limited Royal & Sun Alliance Insurance Limited IVC Evidensia
Massimo Tosato	Non-Executive Director	Trilantic Capital Partners LLP Columbia Business School of Columbia University Banca Intermobiliare di Investimenti e Gestione Spa Tenuta Villa Pinciana società agricola semplice Delbycrest Limited Montpelier Investimenti srl
Clive Adamson	Non-Executive Director	Ashmore Group plc J.P. Morgan Securities plc J.P. Morgan Europe Limited McKinsey & Company
Clare Thompson	Non-Executive Director and Interim Senior Independent Director	The British United Provident Association Limited Audit Committee Chairs Independent Forum
Clare Chapman	Non-Executive Director	Advisory, Conciliation and Arbitration Service (Acas) Council The Weir Group PLC

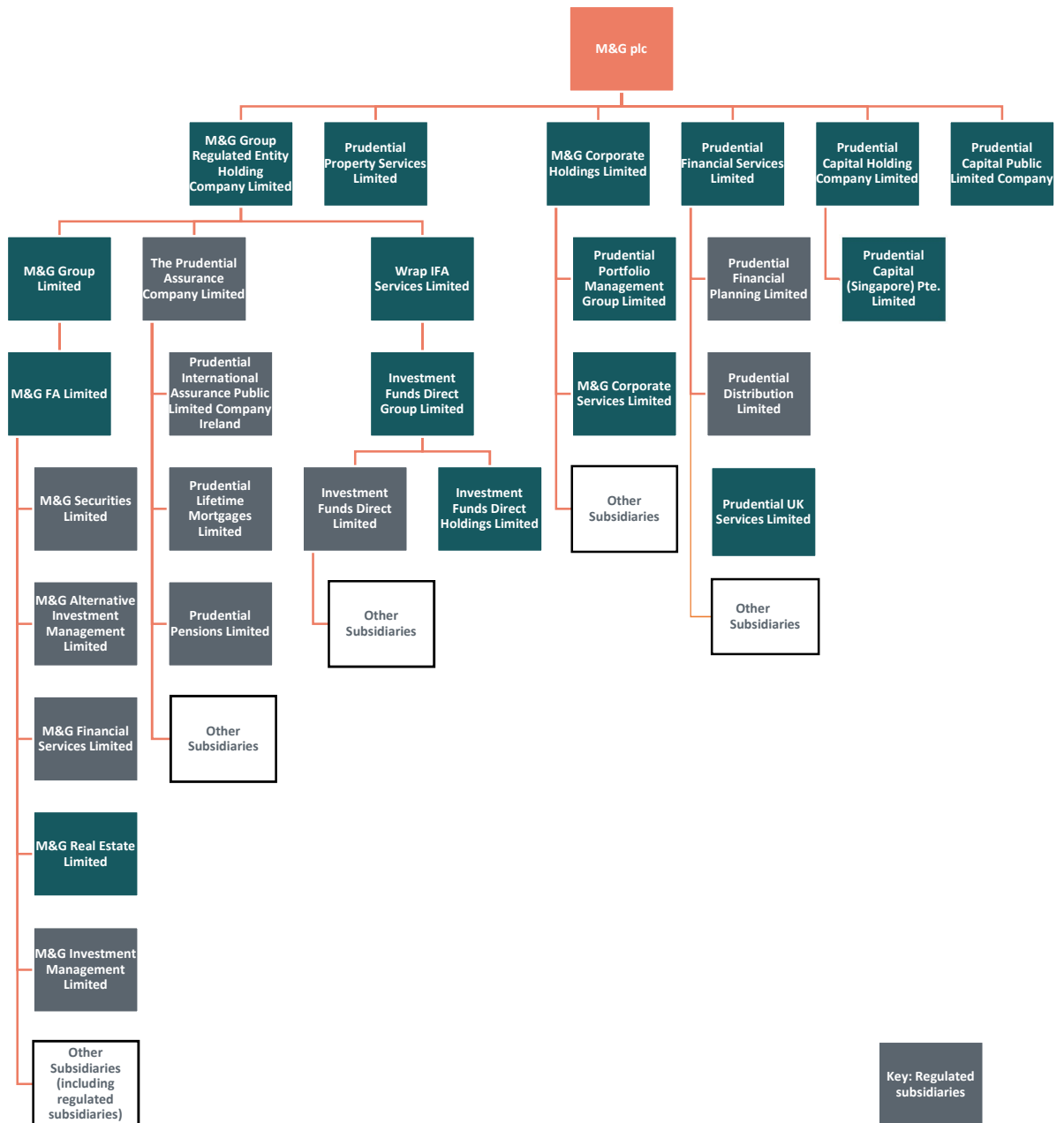
There are no actual or potential conflicts of interest between the duties owed by the Directors to the Issuer and their private interests and/or other duties that they may also have.

## **7. Organisational Structure**

The Issuer is the principal holding company of the Group. The Issuer's assets substantially comprise shares in, and loans advanced to, Group companies. It does not conduct any other business and is accordingly dependent on the other members of the Group and revenues received from them.

As far as is known to the Issuer, no person individually directly or indirectly owns or controls the Issuer.

The following diagram is an extract of the Group structure:



## TAXATION

Prospective holders of Notes are advised to consult their own tax advisers as to the tax consequences, under the tax laws of the country of which they are resident, of a purchase of the Notes, including, without limitation, the consequences of the receipt of interest and premium, if any, on any sale or redemption of the Notes or any interest therein.

### United Kingdom Taxation

The comments below are of a general nature and are based on the Issuer's understanding of current United Kingdom law as it applies to England and Wales and published HM Revenue & Customs ("HMRC") practice (which may not be binding on HMRC), in each case at the latest practicable date before the date of this Prospectus, regarding the withholding tax treatment of interest on the Notes. They are not exhaustive. They relate only to the deduction from interest on the Notes for or on account of tax in the United Kingdom (and do not address any other United Kingdom taxation implications of acquiring, holding, or disposing of the Notes). Prospective holders of Notes who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom are strongly advised to consult their own professional advisers.

The references to "interest" in the comments below mean "interest" as understood in United Kingdom tax law. The comments below do not take any account of any different definitions of "interest" which may be created by the Terms and Conditions of the Notes or any relevant documentation.

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes carry a right to interest and the Notes are, and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. 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 FSMA) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction for or on account of United Kingdom tax where the Notes have a maturity date less than one year from the date of issue, provided that the Notes do not form part of an arrangement of borrowing intended to be, or capable of remaining, outstanding for a year or more.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a United Kingdom source on account of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to any other exemptions and reliefs which may be available under domestic law. In addition, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Holder, HMRC can, following an application by that Holder, issue a notice to the Issuer to pay interest to the Holder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Where Notes are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then it is possible that any such element of premium may constitute a payment of interest for tax purposes. If that element does so constitute a payment of interest, the comments in the paragraphs above will be relevant.

Where Notes are issued at a discount (i.e., at an issue price of less than 100 per cent. of their principal amount), any payments in respect of the accrued discount element of such Notes 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 for tax purposes.

### **U.S. Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as “FATCA”, a “foreign financial institution” (as defined by FATCA) 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 Issuer 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 United States to implement FATCA (“IGAs”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.



## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Barclays Bank PLC, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, Goldman Sachs International and NatWest Markets Plc (the “Dealers”). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in an amended and restated dealership agreement dated 10 August 2021 (as amended, restated, supplemented or otherwise modified from time to time, the “Dealership Agreement”) and made between the Issuer and the Dealers. Any such agreement will, *inter alia*, make provision for the form and Terms and Conditions of the relevant Notes, the price at which such Notes will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such purchase. The Dealership Agreement makes provision for the resignation or termination or appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes.

### United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state in the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form 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 United States persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. Each Dealer has agreed that it will not offer, sell or deliver a Note in bearer form within the United States or to United States persons, except as permitted under the Dealership Agreement.

Each Dealer has agreed, and each further Dealer appointed under the Dealership Agreement will be required to agree, that except as permitted by the Dealership Agreement, it has not offered, sold or delivered Notes and it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the relevant Tranche except in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of U.S. persons.

Except as otherwise provided, terms used in the remainder of this section of “*Subscription and Sale*” have the meanings given to them by Regulation S.

The Notes are being offered and sold only (i) outside the United States to persons other than U.S. persons in reliance upon Regulation S, and (ii) to QIBs in compliance with Rule 144A.

In addition, until 40 days after the completion of the distribution of all Notes comprising any Tranche, any offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

- (1) Either (i) it is a QIB, purchasing (or holding) the Notes for its own account or for the account of one or more QIBs and it is aware that any sale to it is being made in reliance on Rule 144A or (ii) it is outside the United States and is not a U.S. person.
- (2) It acknowledges that the Notes are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Notes have not been and will not be registered under the Securities Act or any other applicable U.S. state securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
- (3) It agrees that the Issuer has no obligation to register the Notes under the Securities Act.
- (4) If it holds an interest in a Definitive Registered Note or a Rule 144A Global Note, it will not offer, sell, resell, pledge or otherwise transfer or deliver the Notes except (A) to the Issuer or any affiliate thereof, (B) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act, (C) outside the United States in compliance with Rule 903 or 904 under the Securities Act, (D) pursuant to any other available exemption from the registration requirements of the Securities Act or (E) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. state securities laws, and any applicable local laws and regulations.
- (5) If it holds an interest in a Regulation S Global Note and is outside the United States and is not a U.S. person, if it should offer, sell, resell, pledge or otherwise transfer or deliver the Notes prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the completion of the distribution (for the purposes of Regulation S) of all of the Notes of the Tranche of which the Notes form a part), it will do so only (A) to a person whom the seller reasonably believes is a QIB purchasing for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A under the Securities Act or (B) outside the United States in compliance with Rule 903 or 904 under the Securities Act, in each case in accordance with all applicable U.S. state securities laws, and any applicable local laws and regulations.
- (6) It will give to each person to whom it transfers the Notes notice of any restrictions on transfer applicable to the Notes.
- (7) It acknowledges that prior to any proposed transfer of Definitive Registered Notes or of beneficial interests in a Registered Global Note (in each case other than pursuant to an effective registration statement), the holder of the Notes or of interests therein may be

required to provide certifications and other documentation relating to the manner of such transfer to the Issuer and the Registrar.

- (8) It acknowledges that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Notes as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (9) It understands that any Notes that are offered, sold or transferred in the United States or to or for the account or benefit of a U.S. person (as defined in Regulation S) will either be issued in the form of Definitive Registered Notes, registered in the name of the registered holder thereof, or be represented by a Rule 144A Global Note which will be deposited with a custodian for, and registered in the name of a nominee of, DTC.

Each Definitive Registered Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS DEFINITIVE REGISTERED NOTE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY BE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE REGISTERED OWNER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS DEFINITIVE REGISTERED NOTE IS ISSUED, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, AND (3) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED EXCEPT IN COMPLIANCE WITH THE AGENCY AGREEMENT AND OTHER THAN (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE

REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE REGISTRAR'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE, RESALE, PLEDGE, TRANSFER OR DELIVERY PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS DEFINITIVE REGISTERED NOTE AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS DEFINITIVE REGISTERED NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

Each Rule 144A Global Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY BE TRANSFERRED ONLY PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AS SET FORTH BELOW.

THE HOLDER HEREOF, BY PURCHASING THE NOTES IN RESPECT OF WHICH THIS GLOBAL NOTE IS ISSUED (OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN) ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS GLOBAL NOTE OR ANY BENEFICIAL INTEREST OR PARTICIPATION HEREIN, (1) REPRESENTS FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO SUCH NOTES THAT IT IS THE SOLE BENEFICIAL OWNER OF THE NOTES REPRESENTED HEREBY OR IS PURCHASING SUCH NOTES FOR ONE OR MORE ACCOUNTS MAINTAINED BY IT OR OVER WHICH IT EXERCISES SOLE INVESTMENT DISCRETION AND THAT EITHER (A) IT AND ANY SUCH ACCOUNT ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S OF THE SECURITIES ACT) AND ARE NOT PURCHASING SUCH NOTES FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, OR (B) IT AND ANY SUCH ACCOUNT ARE QUALIFIED INSTITUTIONAL BUYERS (“QIBS”) AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT, (2) ACKNOWLEDGES THAT SUCH NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT AND MAY NOT BE OFFERED, SOLD, RESOLD OR DELIVERED IN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM SUCH ACT IN ACCORDANCE WITH THE TERMS HEREOF, (3) AGREES TO NOTIFY ANY SUBSEQUENT TRANSFEREE OF THE TRANSFER RESTRICTIONS SET OUT HEREIN AND THAT IT WILL BE A CONDITION TO SUCH TRANSFER THAT THE TRANSFEREE WILL BE DEEMED TO MAKE THE REPRESENTATIONS SET OUT HEREIN, AND (4) AGREES, FOR THE BENEFIT OF THE ISSUER, THAT SUCH NOTES MAY NOT BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED EXCEPT IN COMPLIANCE WITH THE AGENCY

AGREEMENT AND OTHER THAN (A) TO THE ISSUER OR ANY AFFILIATE THEREOF, (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE REGISTRAR'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE, RESALE, PLEDGE, TRANSFER OR DELIVERY PURSUANT TO CLAUSE (D) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

EACH HOLDER OF THIS GLOBAL NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.”

Each Regulation S Global Note will bear a legend to the following effect:

“THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THE OFFER, SALE, PLEDGE OR TRANSFER OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE IS SUBJECT TO CERTAIN CONDITIONS AND RESTRICTIONS. BY PURCHASING OR OTHERWISE ACQUIRING THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE HOLDER THEREOF ACKNOWLEDGES THAT THE NOTES REPRESENTED BY THIS GLOBAL NOTE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT. THE HOLDER AGREES FOR THE BENEFIT OF THE ISSUER THAT, IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE, THE NOTES REPRESENTED BY THIS GLOBAL NOTE MAY BE OFFERED, SOLD, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED OR DELIVERED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND IN COMPLIANCE WITH THE AGENCY AGREEMENT, AND ONLY (A) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT OR (B) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR 904 UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE U.S. STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS; PROVIDED THAT, IN THE CASE OF A TRANSFER PURSUANT TO CLAUSE (A), A TRANSFEROR OF THE NOTES WILL BE REQUIRED (1) TO EXECUTE AND DELIVER TO THE

ISSUER AND THE REGISTRAR A CERTIFICATE OF TRANSFER (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND CAN BE OBTAINED FROM THE REGISTRAR) AND (2) TO EXCHANGE THE PORTION OF THIS GLOBAL NOTE TO BE SO TRANSFERRED FOR AN INTEREST IN A RULE 144A GLOBAL NOTE OR A DEFINITIVE REGISTERED NOTE (AS SET OUT IN THE APPLICABLE FINAL TERMS) TO BE REGISTERED IN THE NAME OF THE TRANSFEREE.

EACH HOLDER OF THIS NOTE OR AN INTEREST HEREIN AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE NOTES OF THE TRANCHE OF WHICH THIS NOTE FORMS PART.”

### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA Retail Investors” as “Not Applicable”, 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 Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) 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; or
  - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes,

except that each Dealer, and each further Dealer appointed under the Programme, may make an offer of Notes to the public in the EEA:

- (c) at any time to any legal entity which is a qualified investor as defined in Article 2 of the Prospectus Regulation;
- (d) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

- (e) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (c) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

### **Prohibition of Sales to UK Retail Investors**

Unless the Final Terms in respect of any Notes specifies the “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, 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 Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) 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 the domestic law of the United Kingdom 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 Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA; or
  - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes,

except that each Dealer, and each further Dealer appointed under the Programme, may make an offer of Notes to the public in the UK:

- (c) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (d) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the UK Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (e) at any time in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Notes referred to in (c) to (e) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that:

- (a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;
- (b) 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 does not apply to the Issuer; and
- (c) 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.

### **Italy**

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of the Prospectus Regulation, and any applicable provision of Legislative Decree No. 58 of 24 February, 1998, as amended (the "Financial Services Act") and Italian CONSOB regulations; or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy under (i) or (ii) above must:



- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February, 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September, 1993, as amended (the “Banking Act”); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, to the extent it is applicable, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

### **Switzerland**

Each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that this Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (“FinSA”) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

### **Hong Kong**

Each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (ii) 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
- (b) 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.

## **Singapore**

Each Dealer has acknowledged, and each further Dealer appointed under the Dealership Agreement will be required to acknowledge, that this Prospectus has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to 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 and 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 persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of 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 to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the 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.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

## **France**

Each of the Dealers and the Issuer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the applicable Final Terms or any other offering material relating to the Notes and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, investing for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French Code monétaire et financier and other applicable regulations.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Dealership Agreement will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for reoffering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **General**

Other than the approval of this Prospectus as a base prospectus in accordance with Article 8(1) of the UK Prospectus Regulation and, in relation to any issue of Notes, as may be specified in the applicable Final Terms, no action has been or will be taken in any country or jurisdiction by the Issuer or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealership Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date thereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in this paragraph headed "*General*".

## FORMS OF FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Senior Notes issued under the Programme.*

### **M&G PLC**

£10,000,000,000

Medium Term Note Programme

Series No: [•]

Tranche No: [•]

[Brief Description and Amount of Notes]

Issued by

**M&G PLC**

(LEI: 254900TWUJUQ44TQJY84)

Issue Price: [•] per cent.

The date of the Final Terms is [•].

**[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 Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). 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.]<sup>7</sup>**

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of the domestic law of the United Kingdom 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.]<sup>8</sup>**

**MiFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/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 [MiFID II/Directive 2014/65/EU (as amended, “MiFID II”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients**

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<sup>7</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>8</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] 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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.

**[UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/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 the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] 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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]**

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) – *To insert notice if classification of the Notes is not “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) pursuant to Section 309B of the SFA, or 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)]*<sup>9</sup>**

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<sup>9</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the relevant Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 August 2021 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of [the UK Prospectus Regulation / Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the [European Union (Withdrawal) Act 2018 (the “EUWA”) / EUWA] (the “UK Prospectus Regulation”)] (the “Prospectus”). 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 the Prospectus in order to obtain all the relevant information. The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

1. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
(iii) Date on which the 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, as referred to in paragraph 23 below, which is expected to occur on or about [ ]] / [Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount of Notes  
- Tranche: [ ]  
- Series: [ ]
4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
5. (i) Specified Denomination(s): [ ]  
(ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]



- |        |   |   |
|--------|---|---|
| [(ii)] | Interest Commencement Date (if different from the Issue Date):          | [[ ]/Not Applicable]  |
| 7.     | Maturity Date:  | [[ ]/[The Interest Payment Date falling in or nearest to [ ]]   |
| 8.     | Interest Basis:   | [[ ] per cent. Fixed Rate]<br>[[ ] month [EURIBOR/SIBOR/<br>TIBOR/HIBOR/Bank of England Base Rate] +/- [ ] per cent. Floating Rate]<br>Floating Rate: €STR Linked Interest<br>Floating Rate: SONIA Linked Interest<br>Floating Rate: Federal Funds Rate Linked Interest<br>Floating Rate: CMS Linked Interest<br>Floating Rate: Compounded Daily SOFR Rate Linked Interest<br>Floating Rate: Weighted Average SOFR Rate Linked Interest<br>[[ ] per cent. Fixed Rate until [ ], then calculated in accordance with paragraph 14 below]<br>[Zero Coupon] |
| 9.     | Redemption/Payment Basis:   | Redemption at par   |
| 10.    | Change of Interest Basis or Redemption/Payment Basis:                   | [[ ]/Not Applicable]  |
| 11.    | Put/Call Options:   | [Investor Put]<br>[Issuer Call]<br>[Not Applicable]   |
| 12.    | (i) Status of the Notes:  | Senior Notes  |
|        | (ii) Date of [Board/Committee] approval for issuance of Notes obtained: | [ ] [and [ ] respectively]  |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |                                   |                             |
|-----|-----------------------------------|-----------------------------|
| 13. | <b>Fixed Rate Note Provisions</b> | [Applicable/Not Applicable] |
|-----|-----------------------------------|-----------------------------|

- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
  - (iii) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount
  - (iv) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
  - (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
  - (vi) Determination Date(s): [[ ] in each year/Not Applicable]
14. **Floating Rate Note Provisions:** [Applicable/Not Applicable]
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
  - (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
  - (iii) Additional Business Centre(s): [[ ]/Not Applicable]
  - (iv) Manner in which the Rates of Interest and Interest Amount is/are to be determined: [Screen Rate Determination/ISDA Determination]
  - (v) Calculation Agent or other party responsible for calculating the Rates of Interest and Interest Amounts (if not the Issue and Paying Agent): [ ]

- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [ ] month [EURIBOR/SIBOR/TIBOR/HIBOR]/[Bank of England Base Rate]/[€STR]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate]/[[Compounded Daily / Weighted Average] SOFR]  
Relevant Time: [ ]/[Not Applicable]  
Relevant Financial Centre: [ ]/[Not Applicable]  
Reference Currency: [ ]/[Not Applicable]  
Designated Maturity: [ ]/[Not Applicable]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
  - Reference Rate Replacement [Applicable/Not Applicable]
  - Observation Look-Back Period: [[•]/[Not Applicable]] [unless otherwise agreed with the Calculation Agent or such other person specified as the party responsible for calculating the Rate of Interest] [(being no less than 5 [TARGET Business Days]/[London Business Days]/[U.S. Government Securities Business Days])]
- (vii) ISDA Determination: [ ]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-] [ ] per cent. per annum
- (x) Minimum Rate of Interest: [ ] per cent. per annum

- |       |   |  |
|-------|---|--|
| (xi)  | Maximum Rate of Interest:                                   | [ ] per cent. per annum  |
| (xii) | Day Count Fraction:   | [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] |
| 15.   | <b>Zero Coupon Notes Provisions:</b>                        | [Applicable/Not Applicable]  |
| (i)   | Accrual Yield:  | [ ] per cent. per annum  |
| (ii)  | Reference Price:  | [ ]  |
| (iii) | Day Count Fraction in relation to Early Redemption Amounts: | [30/360] [Actual/360] [Actual/365]   |
| 16.   | <b>Step-Up Rate of Interest:</b>                            | [Applicable/Not Applicable]  |
| (i)   | Rate of Interest/Margin:                                    | [ ]  |
| (ii)  | Method of determination of Rate of Interest:                | [ ]  |
| (iii) | Reset Date:   | [ ]  |

**PROVISIONS RELATING TO REDEMPTION**

- |       |                                |  |
|-------|--------------------------------|--|
| 17.   | Issuer Call:                   | [Applicable/Not Applicable]                              |
| (i)   | Optional Redemption Date(s):   | [ ]  |
| (ii)  | Optional Redemption Amount(s): | [[ ] per Calculation Amount/Make Whole Redemption Price] |
| (iii) | If redemption in part:         | [ ]  |
|       | (a) Minimum Redemption Amount: | [ ]  |
|       | (b) Higher Redemption Amount:  | [ ]  |

18. Investor Put: [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s): [ ] per Calculation Amount
19. Final Redemption Amount: [ ] per Calculation Amount
20. Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default: [ ] per Calculation Amount
21. Make Whole Redemption Price: [[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]
- (i) Redemption Margin: [[ ]/Not Applicable]
- (ii) Reference Bond: [[ ]/Not Applicable]
- (iii) Quotation Time: [[ ]/Not Applicable]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

22. Form of Notes:
- (i) Form: **[Bearer Notes:**  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]
- [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]
- [Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]
- [Registered Notes:**  
 [Regulation S Global Note registered in the name of a nominee for [a common depositary for

Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]

[Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]

- (ii) New Global Note: [Yes/No]
23. Additional Financial Centre(s): [ ]/[Not Applicable]
24. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

Signed on behalf of the Issuer:

By:

*Duly Authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the FCA and admitted to trading on the London Stock Exchange's Regulated Market with effect from [ ].

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

- (ii) Estimate of total expenses relating to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

[ ] by S&P Global Ratings Europe Limited

[ ] by Moody's Investors Service Ltd

[ ] by Fitch Ratings Limited]

*[Insert brief explanation of the meaning of the ratings, if this has previously been published by the rating provider]*

[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees [of [•]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

Reasons for the offer: [See “*Use of Proceeds*” in the Prospectus]/[the Issuer intends to apply the net proceeds from this issue of Notes to finance or re-finance certain projects and activities that promote environmental, social, governance, sustainable or green purposes (“**Eligible Activities**”)]

Estimated net proceeds: [•]

Estimated total expenses: [•]

5. **YIELD**

Indication of yield: [[ ]/Not Applicable]

6. **BENCHMARKS REGULATION** (*Floating Rate Notes and Reset Notes calculated by reference to benchmarks only*)

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the UK Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the “UK Benchmarks Regulation”).

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the UK Benchmarks Regulation)*] [does not fall within the scope of the UK Benchmarks Regulation/the transitional provisions in Article 51 of the UK Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]

7. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]



Any clearing system (s) other than DTC, Euroclear and Clearstream, Luxembourg (together with the address of each such clearing system) and the relevant identification number(s):  /Not Applicable]

Names and addresses of additional Paying Agent(s) (if any):  ]

Intended to be held in a manner which would allow Eurosystem eligibility:  [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)] [include this text for registered notes] 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.]

[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)] [include this text for registered notes]. 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.]

## 8. THIRD PARTY INFORMATION

has been extracted from . The Issuer 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 , no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]

9. **GENERAL**

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

144A Eligible: [144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

*Set out below is the form of Final Terms which will be completed for each Tranche of Tier 2 Notes issued under the Programme.*

## **M&G PLC**

£10,000,000,000

Medium Term Note Programme

Series No: [•]

Tranche No: [•]

[Brief Description and Amount of Notes]

Issued by

## **M&G PLC**

(LEI: 254900TWUJUQ44TQJY84)

Issue Price: [•] per cent.

The date of the Final Terms is [•].

**[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 Directive 2014/65/EU (as amended, “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the “Prospectus Regulation”). 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.]<sup>10</sup>**

**[PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (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 the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the EUWA (the “UK Prospectus Regulation”). Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of the domestic law of the United Kingdom 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.]<sup>11</sup>**

**MiFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/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 [MiFID II/Directive 2014/65/EU (as amended, “MiFID II”)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients**

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<sup>10</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

<sup>11</sup> Legend to be included on front of the Final Terms if the Notes potentially constitute “packaged” products or the issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be “Applicable”.

are appropriate. [Details of any negative target market to be included if applicable]. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] 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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.

[UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/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 the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (“UK MiFIR”); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. *[Details of any negative target market to be included if applicable]*. Any person subsequently offering, selling or recommending the Notes (a “distributor”) should take into consideration the manufacturer[‘s/s’] 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 manufacturer[‘s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”) – *To insert notice if classification of the Notes is not “prescribed capital markets products” (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) pursuant to Section 309B of the SFA, or 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)]<sup>12</sup>*

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<sup>12</sup> Relevant Dealer(s) to consider whether it/they have received the necessary product classification from the relevant Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

## PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 August 2021 [and the supplement[s] to it dated [date] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of [the UK Prospectus Regulation / Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the [European Union (Withdrawal) Act 2018 (the “EUWA”) / EUWA] (the “UK Prospectus Regulation”)] (the “Prospectus”). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8(2) of the UK Prospectus Regulation and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

1. (i) Series Number: [ ]  
(ii) Tranche Number: [ ]  
(iii) Date on which the 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, as referred to in paragraph 23 below, which is expected to occur on or about [ ]] / [Not Applicable]
2. Specified Currency: [ ]
3. Aggregate Nominal Amount of Notes  
- Tranche: [ ]  
- Series: [ ]
4. Issue Price of Tranche: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [ ]]
5. (i) Specified Denomination(s): [ ]  
(ii) Calculation Amount: [ ]
6. (i) Issue Date [and Interest Commencement Date]: [ ]

- |        |  |  |
|--------|--|--|
| [(ii)] | Interest Commencement Date (if different from the Issue Date):                 | [[ ]/Not Applicable]   |
| 7.     | Maturity Date (to be no earlier than the tenth anniversary of the Issue Date): | [[ ]/[The Interest Payment Date falling in or nearest to [ ]] [Undated]  |
| 8.     | Interest Basis:  | [[ ] per cent. Fixed Rate]<br>[[ ] month [EURIBOR/SIBOR/<br>TIBOR/HIBOR/Bank of England Base Rate] +/- [ ] per cent. Floating Rate]<br>Floating Rate: €STR Linked Interest<br>Floating Rate: SONIA Linked Interest<br>Floating Rate: Federal Funds Rate Linked Interest<br>Floating Rate: CMS Linked Interest<br>Floating Rate: Compounded Daily SOFR Rate Linked Interest<br>Floating Rate: Weighted Average SOFR Rate Linked Interest<br>[[ ] per cent. Fixed Rate until [ ], then calculated in accordance with paragraph 14 below] |
| 9.     | Redemption/Payment Basis:  | Redemption at par  |
| 10.    | Change of Interest Basis or Redemption/Payment Basis:                          | [[ ]/Not Applicable]   |
| 11.    | Call Options:  | [Issuer Call]<br>[Not Applicable]  |
| 12.    | (i) Status of the Notes:   | [Dated Tier 2 Notes/Undated Tier 2 Notes]  |
|        | (ii) Date of [Board/Committee] approval for issuance of Notes obtained:        | [ ] [and [ ] respectively]   |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |                                   |                             |
|-----|-----------------------------------|-----------------------------|
| 13. | <b>Fixed Rate Note Provisions</b> | [Applicable/Not Applicable] |
|-----|-----------------------------------|-----------------------------|

- (i) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
  - (iii) Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [ ] per Calculation Amount
  - (iv) Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
  - (v) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
  - (vi) Determination Date(s): [[ ] in each year/Not Applicable]
  - (vii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]
  - (viii) Dividend and Capital Restriction: [Applicable/Not Applicable]
14. **Reset Note Provisions:** [Applicable/Not Applicable]
- (i) Initial Rate of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date
  - (ii) Interest Payment Date(s): [ ] [and [ ]] in each year [up to and including the Maturity Date]
  - (iii) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
  - (iv) Determination Date(s): [[ ] in each year/Not Applicable]
  - (v) Reset Date(s): [ ]
  - (vi) Subsequent Reset Reference Rate(s) and Relevant Financial Centre: Subsequent Reset Reference Rate: [Mid Swaps/Reference Bond]  
Relevant Financial Centre: [ ]



	(vii)	Reset Margin:	[ ]
	(viii)	Subsequent Reset Rate Screen Page:	[ ]
	(ix)	Mid Swap Maturity:	[ ]
	(x)	Reset Determination Date:	[ ]
	(xi)	Subsequent Reset Rate Time:	[ ]
	(xii)	Mid Swap Rate Replacement:	[Applicable/Not Applicable]
	(xiii)	Deferral of Interest:	[Optional Interest Deferral/Capital Adequacy Interest Deferral]
	(xiv)	Dividend and Capital Restriction:	[Applicable/Not Applicable]
15.		<b>Floating Rate Note Provisions:</b>	[Applicable/Not Applicable]
	(i)	Specified Period(s)/ Specified Interest Payment Dates:	[ ]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Modified Business Day Convention/Preceding Business Day Convention/FRN Convention/Eurodollar Convention/No Adjustment]
	(iii)	Additional Business Centre(s):	[[ ]/Not Applicable]
	(iv)	Manner in which the Rates of Interest and Interest Amount is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(v)	Calculation Agent or other party responsible for calculating the Rates of Interest and Interest	[ ]

Amounts (if not the Issue and Paying Agent):

- (vi) Screen Rate Determination:
- Reference Rate, Relevant Time and Relevant Financial Centre: Reference Rate: [ ] month [EURIBOR/SIBOR/TIBOR/HIBOR]/[Bank of England Base Rate]/[€STR]/[SONIA]/[Federal Funds Rate]/[CMS Reference Rate]/[[Compounded Daily / Weighted Average] SOFR]  
Relevant Time: [ ]/[Not Applicable]  
Relevant Financial Centre: [ ]/[Not Applicable]  
Reference Currency: [ ]/[Not Applicable]  
Designated Maturity: [ ]/[Not Applicable]
  - Interest Determination Date(s): [ ]
  - Relevant Screen Page: [ ]
  - Reference Rate Replacement [Applicable/Not Applicable]
  - Observation Look-Back Period: [[•]/[Not Applicable]] [unless otherwise agreed with the Calculation Agent or such other person specified as the party responsible for calculating the Rate of Interest] [(being no less than 5 [TARGET Business Days]/[London Business Days]/[U.S. Government Securities Business Days])]
- (vii) ISDA Determination: [ ]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Linear Interpolation: [Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (ix) Margin(s): [+/-] [ ] per cent. per annum

- (x) Minimum Rate of Interest: [ ] per cent. per annum
- (xi) Maximum Rate of Interest: [ ] per cent. per annum
- (xii) Day Count Fraction: [Actual/Actual (ISDA)] [Actual/Actual]  
[Actual/365 (Fixed)]  
[Actual/365 (Sterling)]  
[Actual/360]  
[30/360] [360/360] [Bond Basis]  
[30E/360] [Eurobond Basis]  
[30E/360 (ISDA)]
- (xiii) Deferral of Interest: [Optional Interest Deferral/Capital Adequacy Interest Deferral]
- (xiv) Dividend and Capital Restriction: [Applicable/Not Applicable]
- 16. **Step-Up Rate of Interest:** [Applicable/Not Applicable]
  - (i) Rate of Interest/Margin: [ ]
  - (ii) Method of determination of Rate of Interest: [ ]
  - (iii) Reset Date: [ ]

**PROVISIONS RELATING TO REDEMPTION**

- 17. (a) Issuer Call: [Applicable/Not Applicable]
  - (i) Optional Redemption Date(s): [ ]
  - (ii) Optional Redemption Amount(s): [[ ] per Calculation Amount/Make Whole Redemption Price]
  - (iii) If redemption in part: [ ]
    - (a) Minimum Redemption Amount: [ ]
    - (b) Higher Redemption Amount: [ ]

	(b)	Tax Event Redemption:	[Applicable/Not Applicable]
	(c)	Tax Event Redemption and Refinancing Option:	[Applicable/Not Applicable]
	(d)	Regulatory Event Redemption:	[Applicable/Not Applicable]
	(e)	Regulatory Event Redemption and Regulatory Event Refinancing Option:	[Applicable/Not Applicable]
	(f)	Rating Event Redemption:	[Applicable/Not Applicable]
18.		Final Redemption Amount:	[ ] per Calculation Amount
19.		Early Redemption Amount(s) payable on redemption for taxation reasons (where applicable) or on event of default:	[ ] per Calculation Amount
20.		Make Whole Redemption Price:	[[ ] per Calculation Amount/Spens Amount/Make Whole Redemption Amount/Not Applicable]
	(i)	Redemption Margin:	[[ ]/Not Applicable]
	(ii)	Reference Bond:	[[ ]/Not Applicable]
	(iii)	Quotation Time:	[[ ]]/Not Applicable]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

21.		Form of Notes:	
	(i)	Form:	<b>[Bearer Notes:</b> [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 30 days' notice given at any time/only upon an Exchange Event]]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes on [30 days' notice given at any time/only upon an Exchange Event]]

**[Registered Notes:**

[Regulation S Global Note registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg/a common safekeeper for Euroclear and Clearstream, Luxembourg] exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]

[Rule 144A Global Note held by a custodian for DTC (specify nominal amounts) exchangeable for Definitive Registered Notes only upon the occurrence of an Exchange Event]]

- |      |   |  |
|------|---|--|
| (ii) | New Global Note:  | [Yes/No]   |
| 22.  | Additional Financial Centre(s):                               | [   ]/[Not Applicable]   |
| 23.  | Talons for future Coupons to be attached to Definitive Notes: | [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No] |

Signed on behalf of the Issuer:

By:

*Duly Authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be listed on the Official List of the FCA and admitted to trading on the London Stock Exchange's Regulated Market with effect from [ ].

*(Where documenting a fungible issue need to indicate that original Notes are already admitted to trading)*

- (ii) Estimate of total expenses relating to admission to trading: [ ]

### 2. RATINGS

[The Notes to be issued [have been/are expected to be] assigned the following ratings:

[ ] by S&P Global Ratings Europe Limited

[ ] by Moody's Investors Service Ltd

[ ] by Fitch Ratings Limited]

*[Insert brief explanation of the meaning of the ratings, if this has previously been published by the rating provider]*

[Not Applicable]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

[Save for any fees [of [•]] payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

Reasons for the offer: [See “*Use of Proceeds*” in the Prospectus]/[the Issuer intends to apply the net proceeds from this issue of Notes to finance or re-finance certain projects and activities that promote environmental, social, governance, sustainable or green purposes (“**Eligible Activities**”)]

Estimated net proceeds: [•]

Estimated net proceeds: [•]

5. **YIELD**

Indication of yield: [[ ]/Not Applicable]

6. **BENCHMARKS REGULATION** (*Floating Rate Notes and Reset Notes calculated by reference to benchmarks only*)

[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in the UK Benchmarks Regulation)*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the “UK Benchmarks Regulation”).

[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the UK Benchmarks Regulation)*] [does not fall within the scope of the UK Benchmarks Regulation/the transitional provisions in Article 51 of the UK Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]

7. **OPERATIONAL INFORMATION**

ISIN Code: [ ]

Common Code: [ ]

Any clearing system (s) other than DTC, Euroclear and Clearstream, Luxembourg (together with the address of each such clearing system) and the relevant identification number(s):  /Not Applicable]

Names and addresses of additional Paying Agent(s) (if any):  ]

Intended to be held in a manner which would allow Eurosystem eligibility:  [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)] [include this text for registered notes] 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.]

[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)] [include this text for registered notes]. 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.]

## 8. THIRD PARTY INFORMATION

has been extracted from . The Issuer 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 , no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable]



9. **GENERAL**

Applicable TEFRA exemption: [C Rules/D Rules/Not Applicable]

144A Eligible: [144A Eligible/Not 144A Eligible]

Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

*(If the Notes clearly do not constitute “packaged” products or the Notes do constitute “packaged” products and a key information document will be prepared, “Not Applicable” should be specified and the relevant legend removed. If the Notes may constitute “packaged” products and no key information document will be prepared, “Applicable” should be specified and the relevant legend included)*

## GENERAL INFORMATION

- (1) It is expected that the admission of the Programme in respect of the Notes to the Official List and to trading on the Market will be granted on or about 16 August 2021. Any Tranche of Notes intended to be admitted to the Official List and to trading on the Market will be so admitted upon submission to the FCA and the London Stock Exchange of the applicable Final Terms and any other information required by the FCA and the London Stock Exchange, subject to the issue of the Notes. Prior to listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. However, Notes may be issued which will not be admitted to the Official List and to trading on the Market or any other exchange.
- (2) The Issuer obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the establishment of the Programme. The update of the Programme was authorised pursuant to resolutions of the Board at a meeting on 20 September 2019 and by resolutions of a committee, to which the Board delegated authority on 20 September 2019, passed on 28 July 2021.
- (3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and the International Securities Identification Number (“ISIN”) and the identification number for any other relevant clearing system for each Tranche of Notes will be set out in the applicable Final Terms. 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 DTC is 55 Water Street, New York, NY 10041-0099. The address of any alternative clearing system will be specified in the applicable Final Terms.
- (4) For the period of 12 months following the date of this Prospectus, the following documents will, when published, be available for inspection on the Group’s website at <https://www.mandgplc.com/investors/credit-investors>:
  - (i) the up to date memorandum and articles of association of the Issuer;
  - (ii) the Trust Deed; and
  - (iii) all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer’s request any part of which is included or referred to in the registration document.
- (5) There has been no significant change in the financial position or financial performance of the Group as a whole since 30 June 2021.
- (6) There has been no material adverse change in the prospects of the Issuer since 31 December 2020.
- (7) There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering at least the 12 months preceding the date of this Prospectus which may

have, or have had in the recent past, a significant effect on the Issuer's and/or the Group's financial position or profitability.

- (8) The Issuer has not entered into any contracts (being contracts not entered into in the ordinary course of business) which are, or may be, material or which contain a provision under which the Issuer or another member of the Group has an obligation or entitlement which is material to the relevant Issuer's ability to meet its obligations to Noteholders in respect of Notes to be issued under the Programme.
- (9) The auditors of the Issuer since the date of its incorporation has been KPMG LLP, whose registered office is 15 Canada Square, London E14 5GL. KPMG LLP is a member of the Institute of Chartered Accountants in England and Wales and has no material interest in the Issuer.

The Trust Deed provides that any certificate or report called for by, or provided by, the Auditors (as defined in the Trust Deed) or any other expert in accordance with or for the purposes of the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts stated therein notwithstanding that any such certificate or report and/or any engagement letter or other document entered into by the Trustee and the Auditors or such other expert in connection therewith contains a monetary or other limit on the liability of the Auditors or such other expert.

- (10) The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.
- (11) Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. 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 Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk or other trading activities.

In addition, in the ordinary course of their business activities, the 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 Issuer or the Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, 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 securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued 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.

**ISSUER**

**M&G plc**  
10 Fenchurch Avenue  
London EC3M 5AG

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**  
8th Floor  
100 Bishopsgate  
London EC2N 4AG

**ISSUE AND PAYING AGENT AND  
REGISTRAR**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**DEALERS**

**Barclays Bank PLC**  
5 The North Colonnade  
Canary Wharf  
London E14 4BB

**Citigroup Global Markets Limited**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AU

**NatWest Markets Plc**  
250 Bishopsgate  
London EC2M 4AA

**LEGAL ADVISERS**

*To the Issuer*  
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