



Metro Bank Holdings PLC

(incorporated under the Companies Act 2006 and registered in England and Wales with registered number 14387040)

£525,000,000 12 per cent. Fixed Rate Reset Callable Notes due 2029

and

£150,000,000 14 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034

The (i) £525,000,000 12 per cent. Fixed Rate Reset Callable Notes due 2029 (the “**New 2029 MREL Notes**”), comprising the Cash New 2029 MREL Notes and the Non-Cash New 2029 MREL Notes (each as defined below) and (ii) £150,000,000 14 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034 (the “**New 2034 Tier 2 Notes**”), and together with the New 2029 MREL Notes, the “**Notes**” and each, a “**Series**”) will be issued by Metro Bank Holdings PLC (the “**Issuer**” or the “**Company**”) on the Settlement Date (as defined herein) which is currently expected to be 30 November 2023 (the “**Issue Date**”).

The Notes to be issued by the Company will comprise (i) £350,000,000 in aggregate principal amount of 12 per cent. Fixed Rate Reset Callable Notes due 2029 to be issued in exchange for Existing MREL Notes (as defined below), (the “**Non-Cash New 2029 MREL Notes**”), (ii) the New 2034 Tier 2 Notes to be issued in exchange for Existing Tier 2 Notes (as defined below), in each case, pursuant to the implementation of the written resolutions passed in respect of the Existing MREL Notes and the Existing Tier 2 Notes (as applicable), as further described in the section headed “*Description of the Transactions – Background to, and reasons for, the Transactions*” below, and (iii) £175,000,000 in aggregate principal amount of 12 per cent. Fixed Rate Reset Callable Notes due 2029 to be issued for subscription in cash (the “**Cash New 2029 MREL Notes**”). The Non-Cash New 2029 MREL Notes and the Cash New 2029 MREL Notes will be issued on the Issue Date and will form a single series with an aggregate principal amount of £525,000,000.

The issue of the Notes by the Issuer is conditional upon, *inter alia*, the Firm Placing (as further set out in the section headed “*Description of the Transactions*”).

The New 2029 MREL Notes will be issued on the Terms and Conditions set out under the section headed “*Terms and Conditions of the New 2029 MREL Notes*” (the “**New 2029 MREL Notes Conditions**”). The New 2034 Tier 2 Notes will be issued on the Terms and Conditions set out under the section headed “*Terms and Conditions of the New 2034 Tier 2 Notes*” (the “**New 2034 Tier 2 Notes Conditions**”), together with the New 2029 MREL Notes Conditions, the “**Conditions**”, and references to a numbered Condition are references to the numbered paragraphs in the New 2029 MREL Notes Conditions and/or the New 2034 Tier 2 Notes Conditions, unless otherwise specified). Defined terms used herein and not otherwise defined have the meaning given to them in the Conditions.

The New 2029 MREL Notes will constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and will rank *pari passu* and without any preference among themselves. The New 2034 Tier 2 Notes will constitute direct, unsecured and unguaranteed obligations of the Issuer and will rank *pari passu* and without any preference among themselves.

Applications have been made to the Financial Conduct Authority (the “**FCA**”) under Part VI of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) for the Notes 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 the Notes to be admitted to trading on the London Stock Exchange’s Main Market (the “**Market**”). References in this Prospectus to the Notes being “**listed**” (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on 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 domestic law in the United Kingdom (the “**United Kingdom**” or the “**UK**”) by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (“**UK MIFIR**”).

This Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of 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 and such approval should not be considered as an endorsement of the Issuer nor as an endorsement 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.

On 12 October 2023, pending completion of the Transactions (as defined herein), Fitch Ratings Ltd (“**Fitch**”) assigned the Company a long-term credit rating of B, and Metro Bank PLC (“**Metro Bank**”) a long-term credit rating of B+, in each case with a Ratings Watch Evolving (“**RWE**”) outlook. In addition, following the announcement of the Transactions, Fitch downgraded the Company’s and Metro Bank’s viability rating from b to c and downgraded the Existing Tier 2 Notes’ (as defined herein) credit rating from CCC+ to C. The Company intends to apply for a credit rating to be assigned to the New 2029 MREL Notes and the New 2034 Tier 2 Notes. The Company expects such credit ratings to be assigned on or around the Issue Date. Fitch is established in the United Kingdom and registered under Regulation (EC) No 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the EUWA (the “**UK CRA Regulation**”). Fitch is not established in the European Economic Area (the “**EEA**”) but the credit rating that it has assigned to each of the Company and Metro Bank is endorsed by Fitch Ratings Ireland Limited (“**Fitch Ireland**”), which is established in the EEA and registered under Regulation (EC) No 1060/2009 (the “**EU CRA Regulation**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold, directly or indirectly within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. The Notes of each Series are being offered and sold outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) (the “**Regulation S Notes**”) and within the United States to “qualified institutional buyers” (“**QIBs**”) in reliance on Rule 144A under the Securities Act (“**Rule 144A**”) (the “**Rule 144A Notes**”).

The Notes of each Series will be issued in registered form and available and transferable in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Regulation S Notes will upon issue be represented by an unrestricted global certificate (the “**Unrestricted Global Certificate**”) and the Rule 144A Notes will upon issue be represented by a restricted global certificate (the “**Restricted Global Certificate**”) and, together with the Unrestricted Global Certificate, the “**Global Certificates**”), each in registered form and which will both be registered in the name of a nominee of a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking SA (“**Clearstream, Luxembourg**”) and, together with Euroclear, the “**Clearing Systems**”).

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors**”.**

IMPORTANT NOTICES

This Prospectus may be used only for the purposes for which it has been published.

This Prospectus comprises a prospectus for the purposes of the UK Prospectus Regulation and for the purpose of giving information with regard to the Issuer and the Notes which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of (i) the assets and liabilities, profits and losses, financial position and prospects of the Issuer, (ii) the rights attaching to the Notes and (iii) the reasons for the issuance and its impact on the Issuer.

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

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

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

The Trustee has not separately verified the information contained in this Prospectus. None of the Trustee or their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling any of the foregoing makes any representation or warranty, express or implied, or accepts any responsibility, with respect to the accuracy, completeness, sufficiency or fairness of any of the information or opinions contained (or incorporated by reference) in this Prospectus or any other information provided by the Issuer in connection with the offering of the Notes and such persons, to the fullest extent permitted by law, do not accept any liability or responsibility whatsoever for the contents of the Prospectus or any other information provided by the Issuer in connection with the offering of the Notes or for any statement made or purported to be made by any of them, or on any of their behalf, in connection with the Issuer or the offering of the Notes or their distribution.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes or their distribution should purchase the Notes. Each potential purchaser should make its own independent investigation of the financial condition and affairs and its own approval of the credit worthiness of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. The Trustee does not undertake to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither the delivery of this Prospectus nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to 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 Notes, the merits and risks of investing in the Notes and the information contained 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 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 Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency (as defined below); (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

None of the Issuer or any of their respective representatives is making any representation to any offeree or purchaser of the Notes regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. Each prospective investor should consult with its own advisors as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

United States restrictions on marketing and sales

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold, directly or indirectly within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws.

The Notes are being offered and sold outside the United States in reliance on Regulation S and within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on transfers of the Notes and distribution of this Prospectus, see "*Transfer Restrictions*".

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

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

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law in 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 the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR. Consequently, no key information document required by the PRIIPs Regulation as it forms part of

domestic law in 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 United Kingdom has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. Persons in receipt of this Prospectus are required by the Issuer and the Trustee to inform themselves about and to observe any such restrictions.

IMPORTANT INFORMATION

The section headed “*Important Information*” (save for the sub-section therein headed “*No Incorporation of Websites*”) of the equity listing prospectus of the Issuer dated 9 November 2023 (the “**Equity Prospectus**”) is incorporated by reference into, and thereby forms a part of, this Prospectus. See section headed “*Documents Incorporated by Reference*” for further information.

In considering whether to invest in the Notes, Holders must rely on their own examination, analysis and enquiry of the Group and the terms of the Notes, including the merits and risks involved. None of the Group or any of their respective representatives is making any representation to any prospective investor regarding the legality or advisability of an investment in the Notes under the laws applicable to such prospective investor. The contents of this Prospectus are not to be construed as legal, business, tax or financial advice. Each prospective investor should consult with their own adviser as to the legal, business, tax, financial and related aspects of investment in the Notes.

Any decision in connection with an investment in the Notes should be made solely on the basis of the information contained in this Prospectus. Without limitation to the foregoing, reliance should not be placed on any information in any announcements released by the Group prior to the date of this Prospectus, except to the extent that such information is repeated or incorporated by reference into this Prospectus and not superseded or revised.

No Incorporation of Websites

The contents of the Company’s website (<https://www.metrobankonline.co.uk>) and the contents of any website accessible from hyperlinks on such website (other than the information as set out in the section headed “*Information Incorporated by Reference*” and section headed “*General Information – Documents Available*” of this Prospectus) do not form part of this Prospectus and no one should rely on them.

Available Information

The Company has agreed that, for so long as any Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, it will, during the period in which it is neither subject to Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), nor exempt from reporting pursuant to Rule 12g3 2(b) thereunder, furnish, upon request, to any holder or beneficial owner of such Notes, or any prospective purchaser of such Notes designated by any such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

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INFORMATION INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the information set out in the table below as contained in:

1. the sections set out below from the Equity Prospectus ([the-combined-prospectus-and-circular-dated-9-november-2023.pdf \(metrobankonline.co.uk\)](https://www.metrobankonline.co.uk/investor-relations/)):
 - the section headed “Risk Factors – Risks relating to the Transactions” on pages 13 – 14 of the Equity Prospectus;
 - the section headed “Risk Factors – Risks relating to the Group if the Transactions do not successfully close” on pages 14 – 18 of the Equity Prospectus;
 - the section headed “Risk Factors – Risks relating to the operation of the Group’s business” on pages 18 – 35 of the Equity Prospectus;
 - the section headed “Risk Factors – Regulatory risks relating to the Group’s business” on pages 35 – 40 of the Equity Prospectus;
 - the section headed “Risk Factors – Risks relating to the Shares” on pages 40 – 42 of the Equity Prospectus;
 - the section headed “Important Information” (save for the sub-sections therein headed “No Incorporation of Websites” and “Unaudited *Pro Forma* Financial Information”) on pages 43 – 52 of the Equity Prospectus;
 - the section headed “Directors, Senior Managers and Advisers” on pages 53 – 58 of the Equity Prospectus;
 - the section headed “Part I – Letter from the Chair of Metro Bank Holdings PLC” (save for (i) the subsection of paragraph 2 therein headed “Capital ratios”; (ii) paragraph 3 therein headed “Use of Proceeds”; and (iii) paragraph 8 therein headed “Working Capital”) on pages 59 – 74 of the Equity Prospectus;
 - the section headed “Part II – Information about the Group” on pages 75 – 98 of the Equity Prospectus;
 - the section headed “Part III – Supervision and Regulation” on pages 99 – 116 of the Equity Prospectus;
 - the section headed “Part IV – Operating and Financial Review” on pages 117 – 145 of the Equity Prospectus;
 - the section headed “Part VI – Capitalisation and Indebtedness” on pages 147 – 148 of the Equity Prospectus;
 - paragraphs 2 (save for subparagraph 2.4), 9, 12, 15-20 (inclusive), 23-27 (inclusive) and 31 of the section headed “Part X – Additional Information” on pages 161 – 202 of the Equity Prospectus; and
 - the section headed “Part XII – Definitions” on pages 206 – 212 of the Equity Prospectus;
2. the sections set out below of the annual report and audited consolidated financial statements (including the auditors’ report thereon and the notes thereto) of Metro Bank, together with its consolidated subsidiaries, as at and for the financial year ended 31 December 2020 (<https://www.metrobankonline.co.uk/investor-relations/>) (the “**2020 Annual Report and Accounts**”);

3. the sections set out below of the annual report and audited consolidated financial statements (including the auditors' report thereon and the notes thereto) of Metro Bank, together with its consolidated subsidiaries, as at and for the financial year ended 31 December 2021 (<https://www.metrobankonline.co.uk/investor-relations/>) (the “**2021 Annual Report and Accounts**”);
4. the sections set out below of the annual report and audited consolidated financial statements (including the auditors' report thereon and the notes thereto) of Metro Bank, together with its consolidated subsidiaries, as at and for the financial year ended 31 December 2022 (<https://www.metrobankonline.co.uk/investor-relations/>) (the “**2022 Annual Report and Accounts**”); and
5. the sections set out below of the unaudited condensed consolidated interim financial statements (including the independent review report and the notes thereto) of the Group as at and for the six months ended 30 June 2023 (which includes unaudited comparative financial information as at 30 June 2022 and for each of the six months ended 31 December 2022 and 30 June 2022) (<https://www.metrobankonline.co.uk/investor-relations/>) (the “**2023 Interim Report**”),

which have been previously published and which have been approved by the FCA or filed with it (together, the “**Information Incorporated by Reference**”). Such information in those documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus. Any documents referred to in the documents incorporated by reference in this Prospectus do not form part of this Prospectus.

Copies of the 2020 Annual Report and Accounts, the 2021 Annual Report and Accounts, the 2022 Annual Report and Accounts and the 2023 Interim Report may be obtained (free of charge) from the Issuer's website at <https://www.metrobankonline.co.uk/> and from the website of the and from the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/prices-and-news/news/market-news/market-news-home.html>.

Neither the website of the Issuer nor any information contained thereon is incorporated into, or forms part of, this Prospectus, save as expressly provided in this section.

See the section headed “*Important Information – Presentation of Financial Information*” of the Equity Prospectus which is incorporated into, and forms a part of, this Prospectus, for further detail on the basis of preparation of the 2020 Annual Report and Accounts, 2021 Annual Report and Accounts, 2022 Annual Report and Accounts and 2023 Interim Report.

Reference document	Information incorporated by reference	Page number(s) in reference document
2020 Annual Report and Accounts	Independent auditors' report to the members of Metro Bank plc	152-163

	Consolidated statement of comprehensive income	164
	Consolidated balance sheet	165
	Consolidated statement of changes in equity	166
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	Notes to the consolidated financial statements	177-228
2021 Annual Report and Accounts	Independent auditors' report to the members of Metro Bank plc	152-161
	Consolidated statement of comprehensive income	162
	Consolidated balance sheet	163
	Consolidated statement of changes in equity	164
	Consolidated cash flow statements	165
	Notes to consolidated financial statements	166-218
2022 Annual Report and Accounts	People and Remuneration Committee Report	138-143
	Corporate Governance Report	99-101
	Directors' Remuneration Policy - summary	144-145
	Single total figure of remuneration – Executive Directors (audited)	148
	Non-Executive Directors' remuneration	158
	Independent auditors' report to the members of Metro Bank plc	171-180
	Consolidated statement of comprehensive income	181
	Consolidated balance sheet	182
	Consolidated statement of changes in equity	183
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	Notes to the consolidated financial statements	185-234
2023 Interim Financial Statements	Independent review report to Metro Bank Holdings PLC	20
	Unaudited condensed consolidated statement of comprehensive income	21
	Unaudited condensed consolidated balance sheet	22
	Unaudited consolidated cash flow statements	23
	Unaudited condensed consolidated statement of changes in equity	24

Notes to the condensed consolidated interim financial
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OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following provides an overview of certain of the principal features of the Notes of each Series and is qualified by the more detailed information contained elsewhere in this Prospectus. Capitalised terms used herein have the meaning given to them in the “New 2029 MREL Notes Conditions” or, as the case may be, the “Terms and Conditions of the Tier 2 Notes”. References to numbered Conditions are to the terms and conditions of the Notes of each Series (the “**Conditions**”) as set out under “New 2029 MREL Notes Conditions” or, as the case may be, the “Terms and Conditions of the Tier 2 Notes”.

Issuer	Metro Bank Holdings PLC (the “ Issuer ” or the “ Company ”, and together with its subsidiary undertakings and, where the context requires, its associated undertakings, the “ Group ”) (incorporated on 29 September 2022 under the Companies Act 2006 and registered in England and Wales with registered number 14387040)
Issuer Legal Entity Identifier (LEI)	984500CDDEAD6C2EDQ64
Website and telephone of the Issuer	<p>https://www.metrobankonline.co.uk/</p> <p>Neither the website of the Issuer nor any information contained thereon is incorporated into, or forms part of, this Prospectus, save as expressly provided under “<i>Information Incorporated by Reference</i>” above.</p> <p>Its telephone number is +44 (0)345 08 08 500.</p>
Trustee	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent	Citibank, N.A., London Branch
Registrar and Transfer Agent	Citibank Europe plc
Agent Bank	Citibank, N.A., London Branch
Notes	<p>£525,000,000 12 per cent. Fixed Rate Reset Callable Notes due 2029 (the “New 2029 MREL Notes”)</p> <p>£150,000,000 14 per cent. Fixed Rate Reset Callable Notes due 2034 (the “New 2034 Tier 2 Notes” and together with the New 2029 MREL Notes, the “Notes” and each a “Series”).</p>
Conditions to Issue	See the section headed “ <i>Description of the Transactions</i> ”.
Issue Date	The Settlement Date which is currently expected to be 30 November 2023.
Risk factors	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the relevant Notes and each Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of each Series of Notes. These are set out under the section headed “ <i>Risk Factors</i> ”.
Status of the New 2029 MREL Notes and rights on a Winding-up	The New 2029 MREL Notes will constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and will rank <i>pari passu</i> and without any preference among themselves as more fully described in the New 2029 MREL Notes Conditions.

Status of the New 2034 Tier 2 Notes and rights on a Winding-up

The New 2034 Tier 2 Notes will constitute direct, unsecured, unguaranteed obligations of the Issuer and will rank *pari passu*, without any preference, among themselves as more fully described in the New 2034 Tier 2 Notes Conditions.

No set-off

Subject to applicable law, no Holder of the New 2029 MREL Notes or the New 2034 Tier 2 Notes may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the relevant Notes or the relevant Trust Deed and each Holder shall, by virtue of their holding of any Note (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim, netting or retention.

Negative pledge

None.

Interest – New 2029 MREL Notes

The New 2029 MREL Notes will bear interest on their principal amount:

- (a) from (and including) the Issue Date to (but excluding) 30 April 2028 (the “**MREL Notes Reset Date**”), at the rate of 12 per cent. per annum; and
- (b) thereafter, at the Reset Rate of Interest (as described in Condition 5(d) of the New 2029 MREL Notes),

in each case payable, in equal instalments semi-annually in arrear on 30 April and 30 October in each year, commencing on 30 April 2024, and shall amount to £60 per Calculation Amount for each Interest Period commencing prior to the MREL Notes Reset Date; except that the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.

Interest – New 2034 Tier 2 Notes

The New 2034 Tier 2 Notes will bear interest on their principal amount:

- (a) from (and including) the Issue Date to (but excluding) 30 April 2029 (the “**Tier 2 Notes Reset Date**”), at the rate of 14 per cent. per annum; and
- (b) thereafter, at the Reset Rate of Interest (as described in Condition 5(d) of the New 2034 Tier 2 Notes),

in each case payable, in equal instalments semi-annually in arrear on 30 April and 30 October in each year, commencing on 30 April 2024, and shall amount to £70 per Calculation Amount for each Interest Period commencing prior to the Tier 2 Notes Reset Date; except that the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date.

Maturity – New 2029 MREL Notes

Unless previously redeemed, purchased and cancelled or substituted in accordance with the Conditions and subject to the conditions described in Condition 6(b) of the New 2029 MREL

Notes (and as described under “*Conditions to Redemption, Substitution, Variation and Purchase*” below), the New 2029 MREL Notes will mature on 30 April 2029.

Holders will have no right to require the Issuer to redeem or purchase the New 2029 MREL Notes at any time.

Maturity – New 2034 Tier 2 Notes

Unless previously redeemed, purchased and cancelled or substituted in accordance with the Conditions and subject to the conditions described in Condition 6(b) of the New 2034 Tier 2 Notes (and as described under “*Conditions to Redemption, Substitution, Variation and Purchase*” below), the New 2034 Tier 2 Notes will mature on 30 April 2034.

Holders will have no right to require the Issuer to redeem or purchase the New 2034 Tier 2 Notes at any time.

Issuer’s Call Option – New 2029 MREL Notes

The Issuer may, in its sole discretion, but subject to the conditions described in Condition 6(b) of the relevant New 2029 MREL Notes, redeem all, but not some only, of the New 2029 MREL Notes on the MREL Notes Reset Date at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption.

Issuer’s Call Option – New 2034 Tier 2 Notes

The Issuer may, in its sole discretion, but subject to the conditions described in Condition 6(b) of the New 2034 Tier 2 Notes, redeem all, but not some only, of the New 2034 Tier 2 Notes on the Tier 2 Reset Date at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption.

Redemption following Tax Event or Loss Absorption Disqualification Event – New 2029 MREL Notes

The Issuer may, in its sole discretion, but subject to the conditions described in Condition 6(b) of the New 2029 MREL Notes, redeem all, but not some only, of the New 2029 MREL Notes at any time at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption at any time following the occurrence of a Tax Event or Loss Absorption Disqualification Event.

Redemption following Tax Event or Capital Disqualification Event – New 2034 Tier 2 Notes

The Issuer may, in its sole discretion, but subject to the conditions described in Condition 6(b) of the New 2034 Tier 2 Notes, redeem all, but not some only, of the New 2034 Tier 2 Notes at any time at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption at any time following the occurrence of a Tax Event or Capital Disqualification Event.

Substitution or Variation following a Tax Event or a Loss Absorption Disqualification Event – New 2029 MREL Notes

If a Tax Event or a Loss Absorption Disqualification Event has occurred, then the Issuer may, but subject to the conditions described in Condition 6(b) of the New 2029 MREL Notes, without any requirement for the consent or approval of the Noteholders, at any time (whether before or following the MREL Notes Reset Date) either substitute all (but not some only) of the New 2029 MREL Notes for, or vary the terms of the New 2029

Substitution or Variation following a Tax Event or a Capital Disqualification Event – New 2034 Tier 2 Notes

MREL Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes.

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, but subject to the conditions described in Condition 6(b) of the New 2034 Tier 2 Notes without any requirement for the consent or approval of the Holders, at any time (whether before or following the Tier 2 Notes Reset Date) either substitute all (but not some only) of the New 2034 Tier 2 Notes for, or vary the terms of the New 2034 Tier 2 Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities.

Conditions to redemption, substitution, variation and purchase – New 2029 MREL Notes

Any redemption, substitution, variation or purchase of the Notes is subject to (i) the Issuer obtaining prior Regulatory Permission therefor; and (ii) in the case of any substitution or variation, such substitution or variation (a) being permitted by, and conducted in accordance with, any other applicable requirement of the Relevant Regulator or under the Loss Absorption Regulations at such time and (b) not resulting in any event or circumstance which gives the Issuer a right to redeem the Notes by reason of a Tax Event or Loss Absorption Disqualification Event.

Any refusal by the Relevant Regulator to give its Regulatory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Loss Absorption Regulations permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in Condition 6(b) of the relevant Notes, the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Conditions to redemption, substitution, variation and purchase – New 2034 Tier 2 Notes

Any redemption or purchase of the New 2034 Tier 2 Notes prior to their maturity or any substitution or variation of the New 2034 Tier 2 Notes will, in each case if and to the extent then required under prevailing Regulatory Capital Requirements, be subject to the Issuer having obtained prior Supervisory Permission and in the case of any redemption or purchase of any New 2034 Tier 2 Notes to either:

- (a) the Issuer having (or will on or before the relevant redemption or purchase date, have) replaced the New 2034 Tier 2 Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and/or (if the New 2034 Tier 2 Notes have previously been included in the Tier 2 Capital of the Group) the Group; or
- (b) save in the case of the paragraph below, the Issuer having demonstrated to the satisfaction of the Relevant Authority

that the own funds of the Issuer and (if the Notes have previously been included in the Tier 2 Capital of the Group) the Group would, following such redemption or purchase, exceed its minimum applicable capital requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time.

In the case of any purchase of the Notes prior to the fifth anniversary of the Reference Date, this will be subject to either (A) the Issuer having, before or at the same time as such purchase, replaced the New 2034 Tier 2 Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant New 2034 Tier 2 Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

If, at the time of a redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements permit the redemption (or purchase, substitution or variation) after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (a) and (b) or under “*Redemption following Tax Event or Capital Disqualification Event – New 2034 Tier 2 Notes*” above, the Issuer shall instead comply with such other pre-condition(s).

**Purchase of the Notes – New 2029
MREL Notes**

The Issuer or any of its subsidiaries may, but subject to the conditions described in Condition 6(b) of the New 2029 MREL Notes, at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for the Issuer’s or such subsidiary’s account, New 2029 MREL Notes in any manner and at any price. All New 2029 MREL Notes so purchased (or acquired) may, at the option of the Issuer and subject to obtaining any Regulatory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, surrendered for cancellation to the Registrar.

**Purchase of the Notes – New 2034 Tier
2 Notes**

The Issuer may, at its option but subject to the conditions described in Condition 6(b) of the New 2034 Tier 2 Notes purchase (or otherwise acquire) any of the outstanding New 2034 Tier 2 Notes at any price in the open market or otherwise in accordance with the then prevailing Regulatory Capital Requirements. All New 2034 Tier 2 Notes purchased by or on behalf of the Issuer may be held, reissued, resold or, at the option of the Issuer, cancelled.

**Withholding tax and Additional
Amounts**

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free

and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 9 of the relevant Notes) pay such Additional Amounts as will result in the receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required.

Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding (as defined in Condition 9 of the relevant Notes).

Default and Enforcement

Rights of enforcement in the event of payment default or breach of other obligations under the Notes or the Trust Deed are limited, all as further described in Condition 8 of the relevant Notes.

In particular, if the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment) for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the relevant Trust Deed and the Notes and the Trustee, in its discretion, may, or if so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject to being indemnified and/or secured and/or prefunded to its satisfaction institute proceedings for the winding-up of the Issuer.

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing.

See Condition 8 of the relevant Notes for further information.

Modification

The relevant Trust Deed will contain provisions for convening meetings of Holders (by way of a physical meeting, virtual meeting or a hybrid meeting (each as defined in the relevant Trust Deed)) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of the Holders of a modification of any of the relevant Conditions or any provisions of the relevant Trust Deed.

Substitution of the Issuer	The relevant Trust Deed will contain provisions permitting the Trustee to agree, subject to the Trustee being satisfied that the interests of the Holders of the relevant Series of Notes will not be materially prejudiced by the substitution but without the consent of the Holders, but subject to Condition 11(e), to the substitution, (a) with respect to the New 2029 MREL Notes, on a status and ranking basis, and (b) with respect to the New 2034 Tier 2 Notes, on a subordinated basis, in each case equivalent to that referred to in the relevant Conditions 3 and 4 of a Substitute Obligor in place of the Issuer (or any previous Substitute Obligor under the relevant Conditions) as a new principal debtor under the relevant Trust Deed and the relevant Notes.
Acknowledgement of UK Statutory Loss Absorption Powers	Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for these purposes, includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder will acknowledge and accept that the Relevant Amounts arising under the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by the effects thereof, all as further described in Condition 17 of the relevant Notes.
Form	The Notes will be issued in registered form. The Regulation S Notes will upon issue be represented by the Unrestricted Global Certificate and the Rule 144A Notes will upon issue be represented by the Restricted Global Certificate, each in registered form and which will both be registered in the name of a nominee of a common depository for the Clearing Systems.
Denomination	The denomination of both the New 2029 MREL Notes and the New 2034 Tier 2 Notes is £100,000 and integral multiples of £1,000 in excess thereof.
Clearing systems	Euroclear and Clearstream, Luxembourg.
Listing	Applications have been made for the Notes to be admitted to the Official List and to trading on the Market on or about the Issue Date.
Governing law	The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and shall be construed in accordance with, the laws of England.
Ratings	Pending completion of the Transactions, Fitch has assigned the Company a long-term credit rating of B, and Metro Bank a long-term credit rating of B+, in each case with a RWE outlook. In addition, following the announcement of the Transactions, Fitch downgraded the Company's and Metro Bank's viability rating from b to c and removed these ratings from its Ratings Watch Negative list. Furthermore, it downgraded the Existing Tier 2 Notes' credit rating from CCC+ to C. The Company intends to

apply for a credit rating to be assigned to the New 2029 MREL Notes and the New 2034 Tier 2 Notes. The Company expects such credit ratings to be assigned on or around the Issue Date. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A revision, suspension, reduction or withdrawal of a rating may adversely affect the market price of the Notes.

Use of Proceeds

The Issuer will not receive any cash proceeds from the issuance of either the Non-Cash New 2029 MREL Notes or the New 2034 Tier 2 Notes. The Non-Cash New 2029 MREL Notes and the New 2034 Tier 2 Notes will be issued in exchange for the Existing MREL Notes and the Existing Tier 2 Notes, as applicable, pursuant to the terms of the respective written resolutions.

The issuance by the Company of the Cash New 2029 MREL Notes (which will form part of the same series and be fungible with the Non-Cash New 2029 MREL Notes) will raise gross proceeds of £175 million (estimated net proceeds of £168 million). On the Issue Date, the Company intends to acquire the MREL Intra-Group Notes and the Tier 2 Intra-Group Notes.

The Company intends to use the net proceeds raised from the Transactions and the effective exchanges of the Existing MREL Notes and the Existing Tier 2 Notes to increase the capital resources of the Group and to support the growth of the Group by allowing it to benefit from its attractive strategic opportunity set.

For further detail see the section headed “*Use of Proceeds*”.

ISIN

In respect of the New 2029 MREL Notes:
Regulation S Notes ISIN: XS2720120596
Rule 144A Notes ISIN: XS2720120679

In respect of the New 2034 Tier 2 Notes:
Regulation S Notes ISIN: XS2720121131
Rule 144A Notes ISIN: XS2720120919

Common Code

In respect of the New 2029 MREL Notes:
Regulation S Notes Common Code: 272012059
Rule 144A Notes Common Code: 272012067

In respect of the New 2034 Tier 2 Notes:
Regulation S Notes Common Code: 272012113
Rule 144A Notes Common Code: 272012091

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the Company and the financial services industry in the United Kingdom in general, together with all the other information contained, and incorporated by reference, in this Prospectus. This section describes the risk factors which are considered by the Company to be material to the Company and an investment in the Notes. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties which are currently not known to the Company or which it currently does not consider to be material. Should any of the risks described below, or any other risks or uncertainties, occur this could have a material adverse effect on the Company's business, results of operation, financial condition or prospects which in turn would be likely to cause the price of the Notes to decline and, as a result, an investor in the Notes could lose some or all of its investment.

Factors which the Company believes may be material for the purpose of assessing the market risks associated with the Notes are also described below. Any of these factors, individually or in the aggregate, could have an adverse effect on the Company's business, results of operations and financial position. In addition, many of these factors are correlated and may require changes to the Company's capital requirements, and events described therein could therefore have a compounding adverse effect on the Company.

Prospective investors should also read the detailed information set out, and incorporated by reference, elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Capitalised expressions used in this section have the definitions ascribed to them in the New 2029 MREL Notes Conditions and the Terms and Conditions of the New 2034 Tier 2 Notes, as appropriate, unless otherwise defined in this Prospectus.

Risks relating to the Transactions

The section headed "*Risk Factors – Risks relating to the Transactions*" of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the risks relating to the Transactions. See section headed "*Documents Incorporated by Reference*" for further information.

Risks relating to the Group if the Transactions do not successfully close

The section headed "*Risk Factors – Risks relating to the Group if the Transactions do not successfully close*" of the Equity Prospectus, as incorporated by reference into, and thereby forming a part of this Prospectus, sets out a description of the risks relating to the Group if the Transactions do not successfully close. See section headed "*Documents Incorporated by Reference*" for further information.

Risks relating to the operation of the Group's business

The section headed "*Risk Factors – Risks relating to the operation of the Group's business*" of the Equity Prospectus, as incorporated by reference into, and thereby forming a part of this Prospectus, sets out a description of the risks relating to the operation of the Group's business. See section headed "*Documents Incorporated by Reference*" for further information.

Regulatory risks relating to the Group's business

The section headed "*Risk Factors – Regulatory risks relating to the Group's business*" of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a

description of regulatory risks relating to the Group's business. See section headed "*Documents Incorporated by Reference*" for further information.

Risks relating to the Shares

The section headed "*Risk Factors – Risks relating to the Shares*" of the Equity Prospectus, as incorporated by reference into, and thereby forming a part of this Prospectus, sets out a description of the risks relating to the Shares. See section headed "*Documents Incorporated by Reference*" for further information.

Risks Relating to the Notes

Risks relating to the structure of the New 2029 MREL Notes and New 2034 Tier 2 Notes

Each Series of Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

The Company is a parent financial holding company

The Notes of each Series are obligations of the Company only. The Company is a holding company with no revenue generating operations of its own and conducts all of its operations through its subsidiaries (in particular, Metro Bank). Accordingly, in addition to being subordinated to the claims of more senior liabilities of the Company, the claims Holders have under the Notes are structurally subordinated to the claims of all creditors of the Company's subsidiaries (including the creditors of Metro Bank). Metro Bank and the Company's other subsidiaries are separate and distinct legal entities from the Company, and have no obligation to pay any amounts due under the Notes of each Series. The Company's right to receive proceeds from the liquidation of a subsidiary will be subject to the prior claims of such subsidiary's creditors. Accordingly, if Metro Bank or another of the Company's subsidiaries were to be wound up, liquidated or dissolved, the Company would only recover any amounts (directly, or indirectly through its holdings of other subsidiaries) in the liquidation of that subsidiary in respect of (a) any debts of such subsidiary where the Company (directly or indirectly) is the creditor, but subject to the claims on the assets of such subsidiary of all other creditors ranking in priority to, or *pari passu* with, the Company (or another of its subsidiaries), and (b) its direct or indirect holding of ordinary shares in such subsidiary, if and to the extent that any surplus assets remain following payment in full of the claims of all creditors of that subsidiary.

As well as the risk of losses in the event of a subsidiary's insolvency, the Company may suffer losses if any of its loans to, or investments in, its subsidiaries (including the Intra-Group Notes (as defined below)) are subject to statutory write-down and conversion powers or if the subsidiary is otherwise subject to resolution proceedings. Loans to, or instruments subscribed from, Metro Bank (including the Intra-Group Notes) may be subject to contractual mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or Metro Bank, would result in a write-down or conversion into equity of such loans, or instruments, or the UK resolution authorities may elect to write down or convert such loans, or instruments, using resolution or capital write-down and conversion powers under the Banking Act 2009 (the "**Banking Act**") irrespective of any such contractual provisions in certain circumstances. The Company intends to acquire notes to be issued by Metro Bank, on terms similar to those of the New 2029 MREL Notes, in a form which is intended to count towards Metro Bank's (solo) MREL resources (the "**MREL Intra-Group Notes**"). The Company also intends to downstream funds to Metro Bank by way of subscribing for notes to be issued by Metro Bank in a form which is intended to count towards Metro Bank's (solo) tier 2 capital resources (the "**Tier 2 Intra-Group Notes**", and together with the MREL Intra-Group Notes, the "**Intra-Group Notes**"). The MREL Intra-Group Notes will form part of the class of 'secondary non-preferential debts' of Metro Bank, as defined in Section 387A(3)(b) of the Insolvency Act 1986, as amended (the "**UK Insolvency Act**") and the Tier 2 Intra-Group Notes will form part of the class of 'tertiary non-preferential debts' of Metro Bank, as defined in Section 387A(3)(c) of the UK Insolvency Act. Accordingly, (A) the claims

of the Company in respect of the MREL Intra-Group Notes will rank below the claims of (i) all depositors of Metro Bank, (ii) all creditors in respect of unsubordinated and unsecured liabilities of Metro Bank which constitute ‘ordinary non-preferred debts’ as defined in Section 387A(3)(a) of the Insolvency Act and (iii) all other obligations of Metro Bank which are preferred by law to secondary non-preferential debts; and (B) the claims of the Company in respect of the Tier 2 Intra-Group Notes will rank below the claims listed in (i) and (ii) above, claims of holders of the MREL Intra-Group Notes, and all other obligations of Metro Bank which are preferred by law to tertiary non-preferential debts. As such, the Intra-Group Notes will rank below the vast majority of the liabilities of Metro Bank. The Company intends that payments made by Metro Bank to the Company under the Intra-Group Notes would be available by the Company to make payments under the Notes. However, there can be no assurance that this will be the case. For example, if such Intra-Group Notes were to be written down or converted to equity instruments by the UK resolution authorities in circumstances where the Notes are not also written down or converted to equity, or if payments are made by Metro Bank under such Intra-Group Notes but the Company is required to utilise those funds to make payments under its other obligations, there can be no assurance that the Company would be able to generate sufficient funds to make payments under the Notes. More generally, the operating performance and financial condition of Metro Bank and the Company’s other subsidiaries, and their ability to provide funds to the Company (by way of interest payments, dividends or otherwise) will in turn depend, to some extent, on general economic, financial, competitive, market and other factors, including those set out above in this section headed “*Risk Factors*”, many of which are beyond the Company’s and Metro Bank’s control. Metro Bank may not generate income and cash flow sufficient to enable the Company to make payments on the Notes in full or at all. Further, the ability of a subsidiary to make distributions or payments (directly or indirectly) to the Company, or the amount of such distributions or payments, may be materially impacted by changes in legal, accounting and/or tax requirements or guidelines over time. Further, the Company retains absolute discretion to restructure any loans to, or any other investments in, any of its subsidiaries, including Metro Bank (which includes the Intra-Group Notes), at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary as part of meeting regulatory capital, MREL and total loss absorbing capacity requirements in respect of Metro Bank and/or the Group. A restructuring of a loan or investment made by the Company in a Group subsidiary could include changes to any or all features of such loan, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group or such subsidiary, and the inclusion of a mechanism that provides for an automatic write-down and/or conversion into equity upon specified triggers. Any restructuring of the Company’s loans to and investments in any of the Group subsidiaries (including the Intra-Group Notes) may be implemented by the Company without prior notification to, or consent of, Holders, and may have an adverse effect on the ability of the Company to make payments under the Notes. For the avoidance of doubt, the Holders of the Notes shall, in a Winding-Up, have no claim in respect of the surplus assets (if any) of the Company remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Company.

Although the Notes may pay a higher rate of interest than certain other securities there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Company become insolvent or subject to the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority. See further “*The Banking Act confers substantial powers on the UK resolution authorities, designed to enable them to take a range of actions in relation to UK deposit-taking institutions (and their groups) which are considered to be at risk of failing. The exercise of any of these actions in relation to the Company, the Group or the Notes could materially adversely affect the value of the Notes and/or the rights of Holders*”.

Holders of each Series of Notes have limited remedies

The remedies available to Holders of each Series of Notes are limited.

Holders of each Series of Notes may not at any time demand repayment or redemption of their Notes, although in a Winding-Up, the Holders will have a claim for an amount equal to the principal amount of the Notes plus any accrued and unpaid interest.

The sole remedy in the event of any non-payment of principal or interest under the Notes of each Series, subject to certain conditions as described in the relevant Condition 8, is that the Trustee, on behalf of the Holders may, in its discretion, or if so requested by an Extraordinary Resolution of Holders or in writing by the Holders of at least one quarter of the aggregate principal amount of the relevant Notes then outstanding, subject to applicable laws and subject to being indemnified and/or secured and/or prefunded to its satisfaction, institute proceedings for the winding-up of the Company and/or prove and/or claim for any payment obligations of the Company arising under the relevant Notes in any winding-up or other insolvency proceedings.

The remedies under the New 2029 MREL Notes and the New 2034 Tier 2 Notes are therefore more limited than those typically available to the Issuer's unsubordinated creditors.

For further details regarding the limited remedies of the Trustee and the Holders, see Condition 8.

Waiver of set-off

The Holders of each Series of Notes will waive any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Company in respect of, or arising under or in connection with the Notes or the relevant Trust Deed insofar as permitted by applicable law. Therefore, Holders of each Series of Notes will not be entitled (subject to applicable law) to set-off the Company's obligations in respect of, or arising under or in connection with the Notes or the relevant Trust Deed against obligations owed by them to the Company.

The terms of the Notes may be modified, or the Notes may be substituted, by the Company without the consent of the Holders in certain circumstances, subject to certain restrictions

(A) With respect to the New 2029 MREL Notes:

In the event of a Tax Event or a Loss Absorption Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the New 2029 MREL Notes for, or vary the terms of the New 2029 MREL Notes so that they remain or become (as applicable), Loss Absorption Compliant Notes, without the consent of the Holders.

Loss Absorption Compliant Notes must have terms not materially less favourable to Holders than the terms of the New 2029 MREL Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial advisor of international standing (which in either case is independent of the Issuer). However, there can be no assurance that, due to the particular circumstances of a Holder of such Notes, such Loss Absorption Compliant Notes will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Loss Absorption Compliant Notes are not materially less favourable to holders than the terms of the New 2029 MREL Notes. Further, the tax and stamp duty consequences could be different for Holders of the New 2029 MREL Notes once such Notes have been varied or substituted as described above.

(B) With respect to the New 2034 Tier 2 Notes:

In the event of a Tax Event or a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the New 2034 Tier 2 Notes for, or vary the terms of the New 2034 Tier 2 Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Holders.

Qualifying Tier 2 Securities must have terms not materially less favourable to Holders than the terms of the New 2034 Tier 2 Notes, as reasonably determined by the Issuer in consultation with an investment bank or financial advisor of international standing (which in either case is independent of the Issuer). However, there can be no assurance that, due to the particular circumstances of a Holder of such Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the New 2034 Tier 2 Notes. Further, the tax and stamp duty consequences could be different for Holders of the New 2034 Tier 2 Notes once such Notes have been varied or substituted as described above.

Holders may not require the redemption of each Series of Notes prior to their maturity

The New 2029 MREL Notes will mature on 30 April 2029 and the New 2034 Tier 2 Notes will mature on 30 April 2034. The Company is under no obligation to redeem the relevant Notes at any time prior thereto and the Holders have no right to require the Company to redeem or purchase any Notes at any time. Any redemption of the Notes and any purchase of any Notes by the Company prior to the relevant Maturity Date will be subject, as applicable, to (i) in respect of the New 2029 MREL Notes, the Company obtaining prior Regulatory Permission therefor and to compliance with the then prevailing Loss Absorption Regulations, all as more fully described in the relevant Condition 6(b), and (ii) in respect of the New 2034 Tier 2 Notes, the prior approval of the Relevant Authority (as defined in the Terms and Conditions of the New 2034 Tier 2 Notes) and to compliance with prevailing Regulatory Capital Requirements, and in respect of both Series of Notes, the Holders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the relevant Notes should be prepared to hold their relevant Notes for a significant period of time.

The Notes are subject to early redemption at the option of the Company on the relevant Reset Date and upon the occurrence of certain tax and regulatory events

(A) With respect to the New 2029 MREL Notes:

Subject to prior Regulatory Permission and compliance with the then prevailing Loss Absorption Regulations, the Company may, in its discretion, elect to redeem all, (but not some only), of the New 2029 MREL Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption: (i) on the Reset Date (as set out in the New 2029 MREL Notes Conditions), or (ii) at any time if a Tax Event or Loss Absorption Disqualification Event has occurred.

(B) With respect to the New 2034 Tier 2 Notes:

Subject to the prior approval of the Relevant Authority and compliance with the then prevailing Regulatory Capital Requirements, the Company may, in its discretion, elect to redeem all (but not some only) of the New 2034 Tier 2 Notes at their principal amount together with any accrued and unpaid interest from and including the immediately preceding Interest Payment Date up to (but excluding) the date fixed for redemption: (i) on the Reset Date (as set out in the Conditions of the New 2034 Tier 2 Notes), or, (ii) upon the occurrence of a Tax Event or a Capital Disqualification Event.

(C) In relation to both Series of Notes:

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Company may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Company redeems a Series of Notes in any of the circumstances mentioned above, there is a risk that such Series of Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Holders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

An optional redemption feature is likely to limit the market value of a Series of Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Company may elect to redeem a Series of Notes, and if so whether or not the Company will satisfy the conditions, or elect, to redeem such Notes. The Company may be more likely to exercise its option to redeem a Series of Notes if the Company's funding costs would be lower than the prevailing interest rate payable in respect of such Series of Notes. If the Notes are so redeemed, there can be no assurance that Holders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

The interest rate on each Series of Notes will be reset on the relevant Reset Date, which may affect the market value of such Notes

Each Series of Notes will initially accrue interest at a fixed rate of interest from the Issue Date to, but excluding, the relevant Reset Date. From, and including, the relevant Reset Date, however, the interest rate will be reset to the Reset Rate of Interest (as described in Condition 5 of the relevant Conditions). This Reset Rate of Interest could be less than the initial rate of interest, which could affect the amount of any interest payments under each Series of Notes and so the market value of an investment in the relevant Notes.

Interest rate risks

An investment in each Series of Notes, which bear interest at a fixed rate (which is reset to a further fixed rate on the relevant Reset Date), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be reset on the relevant Reset Date, and as such the reset rate is not pre-defined at the date of issue of each Series of Notes; it may be different from the initial rate of interest and may adversely affect the yield of the relevant Notes. Further, if market interest rates subsequently rise above the rate paid on each Series of Notes, this will adversely affect the value of the relevant Notes.

Integral multiples of less than £100,000

The denominations of each Series of Notes will be £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in Clearing Systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should Certificates be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Holders who hold Notes in the relevant clearing system (as defined in this Prospectus) in amounts that are less than £100,000. Accordingly, any Holder who holds an amount which is less than £100,000 in principal amount of the Notes in their account with the relevant clearing system at the relevant time may not receive a Certificate (should Certificates be printed) in respect of such holding. Such a Holder would need to purchase a principal amount of Notes such that its holding amounts to £100,000 in order to receive a Certificate.

If Certificates are issued, Holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

The obligations of the Issuer in respect of the New 2034 Tier 2 Notes will be subordinated

The New 2034 Tier 2 Notes will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will rank *pari passu* and without any preference among themselves.

On a Winding-Up of the Issuer, all claims in respect of the New 2034 Tier 2 Notes will rank junior to the claims of all Senior Creditors of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Holders of the New 2034 Tier 2 Notes will lose their entire investment in the New 2034 Tier 2 Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the New 2034 Tier 2 Notes and all other claims that rank *pari passu* with the New 2034 Tier 2 Notes, Holders will lose some (which may be substantially all) of their investment in the New 2034 Tier 2 Notes.

For the avoidance of doubt, the holders of the New 2034 Tier 2 Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Risks relating to the Notes generally

The Banking Act confers substantial powers on the UK resolution authorities, designed to enable them to take a range of actions in relation to UK deposit-taking institutions (and their groups) which are considered to be at risk of failing. The exercise of any of these actions in relation to the Company, the Group, Metro Bank or each Series of Notes could materially adversely affect the value of each Series of Notes and/or the rights of Holders

Under the Banking Act, substantial powers are granted to the UK resolution authorities (the Bank of England, the PRA and HM Treasury) as part of the special resolution regime (“**SRR**”). These powers enable the UK resolution authorities to deal with, amongst other entities, a UK bank or building society (each, a “**relevant entity**”) and its group in circumstances in which the UK resolution authorities consider that relevant pre-conditions are satisfied, through a series of stabilisation options. The implementation of any such resolution or pre-resolution powers would be effected without the need for the consent or approval of the Holders, and may have a material adverse effect on the ability of the Company to meet its obligations under each Series of Notes and/or on the relevant Notes themselves and the rights of the Holders in respect thereof.

These powers include extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities) in respect of the Company (as resolution entity for the Group), Metro Bank and/or their securities (subject to certain protections). Such powers could materially adversely affect the Company’s ability to make payments of interest or principal in respect of the relevant Notes. It is possible that the tools could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools.

Exercise of these powers in respect of a Series of Notes could further involve, (among other things):

- transferring the relevant Notes out of the hands of the Holders;
- delisting the relevant Notes;
- writing down (which may be to nil) the relevant Notes or converting the relevant Notes into another form or class of securities (including, potentially, ordinary shares of the Company, which in turn could be subject to further resolutions powers); and/or

- modifying or disapplying certain terms of the relevant Notes, which could include modifications to (without limitation) the term of the relevant Notes, the interest provisions (including reducing the amount of interest payable, the manner in which interest is calculated and/or changing the scheduled interest payment dates, including by suspending payment for a temporary period), and/or the redemption provisions (including the timing of any redemption options and/or the amount payable upon redemption), and may result in the disapplication of enforcement rights.

In general, the Banking Act requires the UK authorities to have regard to specified objectives in exercising the powers provided for by the Banking Act. One of the objectives (which is required to be balanced as appropriate with the other specified objectives) refers to the protection and enhancement of the stability of the financial systems of the UK. The Banking Act includes provisions related to compensation in respect of transfer instruments and orders made under it. In general, there is considerable uncertainty about the scope of the powers afforded to UK authorities under the Banking Act and how the UK authorities may choose to exercise them.

The Bank of England has confirmed that the preferred resolution strategy for the Group is a bail-in strategy with a single point of entry at the level of the Company. However, bail-in powers could also be exercised at the level of Metro Bank.

The UK resolution authorities may exercise the bail-in tool under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to (amongst others) its capital providers and unsecured creditors (which would include Holders) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the “no creditor worse off” safeguard, although this may not apply in relation to an application of the write-down and conversion power in circumstances where a stabilisation power is not also used). Accordingly, the ranking of Notes in insolvency can be expected to have a direct impact on the relative losses imposed on Holders in a resolution, including bail-in. This means that, if the bail-in tool were to be applied, the relevant Notes would be expected to be written down or converted to equity instruments in full before more senior-ranking obligations of the Company suffer losses.

The bail-in tool includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the relevant Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the relevant Notes into equity securities or other securities or other obligations of the Company or another person, including by means of a variation to the terms of the relevant Notes. For further detail, see the section headed “*Risk Factors – “Risks relating to the Group if the Transactions do not successfully close – If the Transactions do not successfully close and the Group is not otherwise able to restore its capital resources, it could face a number of adverse consequences, including pre-resolution action in the form of PoNV powers or being placed into resolution with resolution action in the form of bail-in, which in each case would lead to the cancellation, transfer or dilution of the Shares, while a sale of the Group to a private purchaser (which is also a resolution action) could have a similar effect if the sale was for no or minimal consideration – Bail-in”* in the Equity Prospectus. See section headed “*Documents Incorporated by Reference*” for further information.

The taking of any such actions could materially adversely affect the rights of Holders, the price or value of their investment in the relevant Notes, the liquidity and/or volatility of any market in the relevant Notes and/or the ability of the Company to satisfy its obligations under the relevant Notes. In certain circumstances, if such actions were to leave Holders worse off than they would have been in an ordinary insolvency of the Company, the Holders may have a claim for compensation under one of the compensation schemes existing under, or

contemplated by, the Banking Act. However, there can be no assurance that any such compensation will be available, and if available such compensation will be limited to a return to restore the Holder to the position it would have been in had the Company instead entered into ordinary insolvency proceedings. There can be no assurance that Holders will have such a claim or, if they do, that they would thereby recover compensation promptly, or equal to any loss actually incurred.

In addition, if the market perceives or anticipates that any action may be taken under the Banking Act in respect of the Company, Metro Bank and/or any of their respective securities (including the relevant Notes), this may have a significant adverse effect on the market price of the relevant Notes and/or the liquidity and/or volatility of any market in the relevant Notes, whether or not such powers are ultimately exercised. In such case, investors may experience difficulty in selling their Notes, or may only be able to sell their Notes at a significant loss.

Mandatory write-down and conversion of capital instruments and relevant internal liabilities may affect the Notes, including outside formal resolution proceedings

In addition to the stabilisation options which may be used in a formal resolution of an institution, the Banking Act provides the UK resolution authorities with additional powers, including a capital write-down and conversion tool which enables (and, if the institution enters into resolution, requires) the UK resolution authorities to permanently write-down, or convert into equity, any own funds instruments (such as the New 2034 Tier 2 Notes) of the institution (as well as intra-group MREL liabilities) at the ‘point of non-viability’ of the relevant entity, which powers may be used independently of (or in conjunction with) the exercise of any stabilisation power.

For the purposes of the application of such mandatory write-down and conversion power, the ‘point of non-viability’ is the point at which (i) the UK resolution authorities determine that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken), (ii) the UK resolution authorities determine that the relevant entity or its group will no longer be viable unless the relevant capital instruments and relevant internal liabilities are written-down or converted or (iii) extraordinary public financial support is required by the relevant entity other than, where the entity is an institution, for the purposes of remedying a serious disturbance in the UK economy and to preserve financial stability. Holders of the New 2034 Tier 2 Notes may be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment. The “no creditor worse off” safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. The exercise of such mandatory write-down and conversion power under the Banking Act could, therefore, materially adversely affect the rights of Holders of the New 2034 Tier 2 Notes, and such exercise (or the perception that such exercise may be imminent) could materially adversely affect the price or value of their investment in the New 2034 Tier 2 Notes and/or the ability of the Issuer to satisfy its obligations under such Notes. For further detail, see the section headed “*Risk Factors – “Risks relating to the Group if the Transactions do not successfully close – If the Transactions do not successfully close and the Group is not otherwise able to restore its capital resources, it could face a number of adverse consequences, including pre-resolution action in the form of PoNV powers or being placed into resolution with resolution action in the form of bail-in, which in each case would lead to the cancellation, transfer or dilution of the Shares, while a sale of the Group to a private purchaser (which is also a resolution action) could have a similar effect if the sale was for no or minimal consideration – Use of the PoNV Powers”*” in the Equity Prospectus, which is incorporated by reference into this Prospectus.

The circumstances under which the UK resolution authorities would exercise resolution or other powers under the Banking Act are uncertain, and the use or anticipated use of such powers may adversely affect the price or value of Notes

There is considerable uncertainty regarding the specific factors, beyond the goals of addressing banking crises pre-emptively and minimising taxpayers' exposure to losses (for example, by writing down relevant capital instruments before the injection of public funds into a financial institution), which the UK resolution authorities would consider in deciding whether to exercise the resolution and capital write down and conversion powers under the Banking Act with respect to the Company, Metro Bank and/or any of their respective securities (including the Notes), and the UK resolution authorities are afforded considerable discretion in this regard. Many of the factors may be outside of the Company's control or not directly related to it.

Accordingly, it may not be possible for investors or prospective investors in the relevant Notes to predict accurately (or at all) if and whether the UK resolution authorities may take action under the Banking Act in respect of the Company, Metro Bank and/or any of their respective securities (including the relevant Notes), or what action may be taken and the level of losses that would be borne by investors in the relevant Notes as a result. Any indication or expectation that resolution or other powers may be used by the UK resolution authorities in respect of the Company and/or relevant Notes could materially adversely affect the price, liquidity and/or volatility in any market for the relevant Notes, and uncertainty as to whether or when the UK resolution authorities may take action, and the nature and extent of that action, may exacerbate these risks. For further detail, see the section headed "*Risk Factors – Risks relating to the Group if the Transactions do not successfully close – If the Transactions do not successfully close and the Group is not otherwise able to restore its capital resources, it could face a number of adverse consequences, including pre-resolution action in the form of PoNV powers or being placed into resolution with resolution action in the form of bail-in, which in each case would lead to the cancellation, transfer or dilution of the Shares, while a sale of the Group to a private purchaser (which is also a resolution action) could have a similar effect if the sale was for no or minimal consideration*" in the Equity Prospectus. See section headed "*Documents Incorporated by Reference*" for further information.

The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme

The FSCS established under the FSMA is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together "**Protected Liabilities**").

The Notes of each Series are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the UK or any other jurisdiction.

To the extent that interest payments are not made under the relevant Notes or Holders lose their investment in the relevant Notes whether due to regulatory action or otherwise, no claim can be made by a Holder to the FSCS for any losses they may suffer.

There is no limit on the amount or type of further bonds or other indebtedness that the Company or Metro Bank may issue, incur or guarantee

There is no restriction on the amount of notes, bonds or other liabilities that the Company may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. In addition, there is no restriction on the amount of notes, bonds or other liabilities that Metro Bank or any other subsidiary of the Company may issue, incur or guarantee. The issue or guaranteeing of any such obligations or the incurrance of any such other liabilities may reduce the amount (if any) recoverable by Holders during a winding-up or administration or resolution of the Company and may limit the Company's ability to meet its obligations under the Notes. In

addition, the Notes do not contain any restriction on the Company issuing securities that may have preferential rights to the Notes or securities with similar or different provisions to those described herein. The Issuer may also issue, in the future, subordinated liabilities which rank senior to the New 2034 Tier 2 Notes.

The Company may not be liable to pay certain taxes

All payments of principal and interest in respect of each Series of Notes by or on behalf of the Company shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Company will (subject to certain customary exceptions, as described in Condition 9 of the relevant Notes) pay such Additional Amounts as will result in the receipt by the Holders of such amounts as would have been receivable by them in respect of payments of interest had no such withholding or deduction been required.

Potential investors should be aware that neither the Company nor any other person will be liable for or otherwise obliged to pay, and the Holders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of each Series of Notes, except as provided for in Condition 9 of the relevant Notes.

In particular, each Series of Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Company would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Holders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

Change in law may adversely affect the rights of Holders

Changes in law after the date hereof may affect the rights of Holders as well as the market value of each Series of Notes. The Conditions are based on English law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the Issue Date. Such changes in law may include but are not limited to, amendments to the statutory resolution and loss absorption tools and regulatory and resolution capital requirements applicable to the Issuer, the Group and/or the Notes, changes in statutory, tax and regulatory regimes during the life of the Notes, which may have an adverse effect on an investment in the relevant Notes.

In addition, any change in law or regulation that triggers a Tax Event or Loss Absorption Disqualification Event or Capital Disqualification Event (as applicable) would entitle the Company, in its sole discretion subject to the conditions set out under Condition 6(b) of the relevant Notes, to redeem all, but not some only, of a Series of Notes at any time at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. See “*The Notes are subject to early redemption at the option of the Company on the Reset Date, upon the occurrence of certain tax and regulatory events*” for further information.

Such legislative and regulatory uncertainty could also affect an investor’s ability to accurately value the Notes and, therefore, affect the trading price of the Notes given the extent and impact on the Notes that one or more regulatory or legislative changes, including those described above, could have on the Notes. In particular, following the United Kingdom’s withdrawal from the EU, United Kingdom law may diverge from EU law over time. The Issuer is not able to predict how United Kingdom legislation might develop. Such uncertainty could adversely impact the Issuer, and could be materially detrimental to holders of the Notes. The Issuer is

not able to give any assurances in relation to the terms of the United Kingdom's continuing relationship with the EU and whether that relationship may impact an investment in the Notes.

Furthermore, the financial services industry continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies. Such regulatory changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's, performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rule-making or the ultimate consequences to the Group or the Holders, which could be material to the rights of Holders of the Notes and/or the ability of the Issuer to satisfy its obligations under such Notes.

A downgrade of the credit rating assigned by any credit rating agency to the Company or to the Notes could adversely affect the liquidity or market value of the Notes. Credit ratings downgrades could occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Credit ratings of the Group and its issued debt are based on a number of factors, including the Group's financial strength, the strength of the UK economy and conditions affecting the financial services industry generally. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Any further downgrade in the external credit ratings assigned to the Group could have an adverse impact on the Group. In particular, a downgrade in the Group's credit ratings could increase its borrowing costs and could require it to post additional collateral or take other actions under some of its derivatives, loan facilities or other financial contracts, and could limit its access to capital markets and have a material adverse effect on its financial condition and results of operations. For example, a credit rating downgrade could have a material adverse effect on the Group's ability to sell or market certain of its products, engage in certain longer-term or derivatives transactions and retain its customers or investors, particularly those who need a minimum rating threshold to transact or invest. Any such downgrade could adversely affect the liquidity or market value of the Notes.

Any of these results of a credit rating downgrade could, in turn, result in outflows and reduce the Group's liquidity and have an adverse effect on the Group, including its business, financial condition and results of operations. However, while certain potential impacts are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of a firm's long-term credit rating precipitates downgrades to its short-term credit rating, whether any downgrade precipitates changes to the way that the financial institutions sector is rated, and assumptions about the ratings of other financial institutions and the potential behaviours of various customers, investors and counterparties. Actual outflows will also depend on certain other factors, including any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from a loss of unsecured funding (such as from money market funds) or loss of secured funding capacity.

The Company intends to apply for a credit rating to be assigned to the New 2029 MREL Notes and the New 2034 Tier 2 Notes, although the Company is under no obligation to ensure that the Notes are rated by any credit rating agency. The Company expects such credit ratings to be assigned on or around the Issue Date. However, there can be no assurance that such credit ratings will be assigned or as to what such credit ratings will be. If the Notes are not assigned a credit rating or the credit rating assigned is lower than expected, this may adversely affect the liquidity or market value of the Notes.

Pending completion of the Transactions, Fitch has assigned the Company a long-term credit rating of B, and Metro Bank a long-term credit rating of B+, in each case with a RWE outlook. In addition, following the announcement of the Transactions, Fitch downgraded the Company's and Metro Bank's viability rating from b to c and removed these ratings from its Ratings Watch Negative list. Furthermore, it downgraded the Existing Tier 2 Notes' credit rating from CCC+ to C. While Fitch has said it intends to resolve its RWE and to immediately upgrade the ratings of the Company and Metro Bank upon completion of the Transactions, there can be no assurance that it will do so. There can also be no assurance that the Group's future credit ratings or outlooks will not change. A failure to maintain favourable credit ratings or outlooks could increase the Group's cost of funding, adversely affect the Group's interest margins, and reduce its ability to secure both long-term and short-term funding. The occurrence of any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

Fitch is established in the United Kingdom and registered under the UK CRA Regulation. Fitch is not established in the EEA but the credit rating it has assigned is expected to be endorsed by Fitch Ireland, which is established in the EEA and registered under the EU CRA Regulation. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. EU regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued or endorsed by a credit rating agency established in the EU and registered in accordance with the EU CRA Regulation and UK regulated investors are restricted from using a rating for regulatory purposes if such rating is not either issued or endorsed by a credit rating agency established in the UK and registered with the FCA in accordance with the UK CRA Regulation. As such, if the status of a rating agency rating the Company, Metro Bank and/or the Notes changes or the rating is not endorsed by a credit rating agency registered under the EU CRA Regulation or UK CRA Regulation, as applicable, European regulated investors and/or UK regulated investors, as applicable, may no longer be able to use the rating for regulatory purposes. In both cases, any such change could cause the Notes to be subject to different regulatory treatment. This may result in such European regulated investors or UK regulated investors, as applicable, selling the Notes, which may adversely affect the liquidity or market value of the Notes.

Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Company

The Regulation S Notes will upon issue be represented by the Unrestricted Global Certificate and the Rule 144A Notes will upon issue be represented by the Restricted Global Certificate, each in registered form and which will both be registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificates. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the relevant Notes are in global form, the payment obligations of the Company under such Notes will be discharged upon such payments being made by or on behalf of the Company to the nominee for the common depository. A holder of a beneficial interest in a Note must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Company does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificates.

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

The Company may be substituted as principal debtor in respect of the Notes, including without the consent of Holders

The New 2029 MREL Notes Conditions provide that at any time, and in accordance with the Conditions and the relevant Trust Deed, the Trustee may (subject to the approval of the Relevant Regulator and compliance with the Loss Absorption Regulations) agree, including without consent of the Holders, to the substitution in place of the Company as the new principal debtor under the relevant Trust Deed and the New 2029 MREL Notes of certain entities, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Holders, and subject to certain other conditions set out in Condition 11(c)(i) being complied with.

The New 2034 Tier 2 Notes Conditions provide that at any time, and in accordance with the Conditions and the relevant Trust Deed, the Trustee may (subject to the Issuer having obtained any requisite Supervisory Permission from the Relevant Authority) agree, including without consent of the Holders, to the substitution in place of the Company as the new principal debtor under the relevant Trust Deed and the New 2034 Tier 2 Notes of certain entities, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Holders, and subject to certain other conditions set out in Condition 11(c)(i) being complied with.

The tax and stamp duty consequences of holding Holders following a substitution could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the Notes prior to any such substitution.

Modification and waivers

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

The relevant Conditions and each Trust Deed in respect of the relevant Notes also provide that the Trustee may agree without the consent of the Holders, to (i) any modification of the Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of the Conditions in respect of the relevant Notes or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

See Condition 11 of the relevant Notes for further information.

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) the relevant Notes are legal investments for it, (ii) the relevant Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the relevant Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

A Holder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security, which may have an adverse effect

on an investment in the Notes. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional domestic or foreign parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Holders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Holders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the relevant Notes.

The issuance of additional Notes that are not fungible with outstanding Notes for U.S. federal income tax purposes could impact the trading price of the original Notes

The Issuer may from time to time without the consent of the holders issue additional Notes having the same terms and conditions as outstanding Notes. See “*Terms and Conditions of the Notes – Further Issues*”. These additional Notes, even if they are treated for non-tax purposes as part of the same series as the original Notes, in some cases may not be fungible with the outstanding Notes of the same series for U.S. federal income tax purposes (irrespective of their fungibility for general corporate and other purposes). In such a case, the additional Notes may be considered to have been issued with original issue discount (“**OID**”) for U.S. federal income tax purposes, even if the original Notes had no OID, or the additional Notes may have a greater amount of OID than the outstanding Notes. These differences may affect the market value of the original Notes if the additional Notes are not otherwise distinguishable from the original Notes.

Risks relating to the market generally

There can be no assurance about the development or performance of a secondary trading market for the Notes

The Notes of each Series represent a new security for which no secondary trading market exists and there can be no assurance that one will develop. The Notes of each Series are intended to be issued as part of the Transactions and not as part of a more conventional book-building exercise to establish a market-clearing price. If a market does develop, it may not be very liquid.

Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions interest rates, currency exchange rates and inflation rates that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Company deteriorates such that there is an actual or perceived increased likelihood of the Company being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the

market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Company's control.

As further set out in the section titled "*Description of the Transactions – Background to, and reasons for, the Transactions*", a holding period trustee may in certain circumstances dispose of New 2034 Tier 2 Notes on behalf of relevant holders. The holding period trustee may sell up to £15 million in aggregate principal amount of the New 2034 Tier 2 Notes in any 14 day period and there can be no guarantee that any such sale would not have an adverse impact on the trading price of the New 2034 Tier 2 Notes. Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Company and any subsidiary of the Company can (subject to (i) in the case of the New 2029 MREL Notes, obtaining prior Regulatory Permission therefor and compliance with the prevailing Loss Absorption Regulations, and (ii) in the case of the New 2034 Tier 2 Notes, obtaining Supervisory Permission and compliance with prevailing Regulatory Capital Requirements) purchase Notes at any time, they have no obligation to do so. Purchases made by the Company (or on behalf of the Company) could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Holders should be aware of the prevailing credit market conditions, whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Company. The Company cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although application has been made for the Notes to be admitted to trading on the Market on or about the Issue Date, there can be no assurance that such application will be accepted, that the Notes will be so admitted or that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Notes.

Exchange rate risks and exchange controls

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

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

DESCRIPTION OF THE TRANSACTIONS

1 Background to, and reasons for, the Transactions

“Part I – Letter from the Chair of Metro Bank Holdings PLC” of the Equity Prospectus (the “**Chair’s Letter**”) (save for (i) the subsection of paragraph 2 therein headed “Capital ratios”; (ii) paragraph 3 therein headed “Use of Proceeds”; and (iii) paragraph 8 therein headed “Working Capital”), as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of, the background to, and reasons for, the Transactions entered into by the Company and the Group. See section headed “*Documents Incorporated by Reference*” for further information.

In order to strengthen its balance sheet and deliver on the strategy described in the Chair’s Letter, the Group announced on 8 October 2023 that it had agreed to undertake the following transactions, subject to the satisfaction of certain conditions:

- *Firm Placing*: the Company intends to raise gross proceeds of £150 million (approximately £144 million after deduction of estimated fees, costs and expenses of approximately £6 million) by way of a Firm Placing at a price of 30 pence per New Share to the Firm Placees who have committed to subscribe for the New Shares. This will include a £102 million investment from Spaldy Investments Limited (“**Spaldy Investments**”), which will become a 52.88 per cent. shareholder in the Company upon completion of the Transactions (the “**Firm Placing**”) and consequently the Firm Placing will be subject to the approval of the Rule 9 Waiver Resolution by Independent Shareholders in respect of the mandatory offer obligation which would otherwise arise on Spaldy Investments under the City Code;
- *Existing Tier 2 Notes Refinancing*: a written resolution has been passed by the holders of Metro Bank’s £250,000,000 Fixed Rate Reset Callable Subordinated Notes due 2028 (ISIN: XS1844097987) (the “**Existing Tier 2 Notes**”) to amend the trust deed constituting the Existing Tier 2 Notes in order to modify, subject to satisfaction of certain conditions (as more fully described below), the terms and conditions of the Existing Tier 2 Notes such that redemption of the Existing Tier 2 Notes will be effected on the Settlement Date by way of delivery, to, or to the account of, the holders thereof, of (i) £600 in principal amount of New 2034 Tier 2 Notes to be issued by the Company for each £1,000 in principal amount of Existing Tier 2 Notes held by each holder and (ii) the Accrued Interest Amount in cash (save that if a holder fails to deliver the required output instruction and/or would be eligible to receive an aggregate principal amount of New 2034 Tier 2 Notes of less than £100,000 or that is not an integral multiple of £1,000, the entitlement or fractional entitlement, as the case may be, to the New 2034 Tier 2 Notes will be delivered instead to a holding period trustee to hold, or, in some circumstances dispose of, such New 2034 Tier 2 Notes on behalf of the relevant holder). This effective exchange will result in an increase to the Group’s CET1 capital of £100 million (the “**New Tier 2 Notes Issuance**”);
- *Existing MREL Notes Refinancing*: a written resolution has been passed by the holders of the Company’s £350,000,000 Fixed Rate Reset Senior Non-Preferred Notes due 2025 (ISIN: XS2063492396) (the “**Existing MREL Notes**”) to amend the trust deed constituting the Existing MREL Notes in order to modify, subject to satisfaction of certain conditions (as more fully described below), the terms and conditions of the Existing MREL Notes such that the redemption of the Existing MREL Notes will be effected on the Settlement Date by way of delivery, to, or to the account of, the holders thereof, of (i) £1,000 in principal amount of New 2029 MREL Notes to be issued by the Company for each £1,000 in principal amount of Existing MREL Notes held by each holder and (ii) the Accrued Interest Amount in cash (the “**Non-Cash MREL Notes Issuance**”); and

- *New Money MREL*: raise gross proceeds of £175 million (approximately £168 million after deduction of estimated fees, costs and expenses of approximately £7 million) by way of the issue of the Cash New 2029 MREL Notes (which will form part of the same series and be fungible with the Non-Cash New 2029 MREL Notes) (the “**Cash New MREL Notes Issuance**”).

In respect of the Firm Placing and the Cash New MREL Notes Issuance (together the “**Capital Raisings**”), the New Tier 2 Notes Issuance and the Non-Cash MREL Notes Issuance (together with the Capital Raisings, the “**Transactions**”), all applicable prudential regulatory notifications have been completed in respect of the Firm Placing, the New Tier 2 Notes Issuance, the Non-Cash MREL Notes Issuance and the Cash New MREL Notes Issuance, and corresponding issuances from Metro Bank to the Company; and the following formal written permissions have been obtained:

- a modification direction in respect of Article 28(2) of the Own Funds and Eligible Liabilities Part of the PRA rulebook granted by the PRA on 6 November 2023 with the effective date 3 November 2023;
- a formal written permission (pursuant to Articles 77/78 CRR) in respect of the Existing Tier 2 Notes reduction granted by the PRA on 6 November 2023 with effective date 3 November 2023; and
- confirmation dated 9 October 2023 that the PRA has granted approval for the change of control whereby each of Spaldy Investments Limited and Jaime Gilinski will be controllers of Metro Bank as described under Part XII of the FSMA in connection with the Firm Placing.

The Transactions are subject to, *inter alia*, the following conditions:

- (i) the Shareholder Resolutions having been passed by Shareholders (or, in the case of the Rule 9 Waiver Resolution, the resolution having been passed by the Independent Shareholders) at the General Meeting convened for the purposes of seeking approval to, *inter alia*, undertake the Firm Placing;
- (ii) the Equity Commitment Letters having become unconditional in all respects;
- (iii) the Debt Commitment Letters having become unconditional in all respects;
- (iv) in respect of the Existing Tier 2 Notes, the passing of the written resolution, the satisfaction of the eligibility condition and the implementation of the written resolution (all of which occurred on 15 November 2023), and the satisfaction of the effectiveness conditions;
- (v) in respect of the Existing MREL Notes, the passing of the written resolution, the satisfaction of the eligibility condition and the implementation of the written resolution (all of which occurred on 15 November 2023), and the satisfaction of the effectiveness conditions;
- (vi) the Support Agreement not having been terminated; and
- (vii) Admission having become effective.

The Company will work to co-ordinate satisfaction of the conditions before or shortly following the General Meeting, following which it will issue an announcement via the Regulatory News Service operated by the London Stock Exchange plc confirming satisfaction of all conditions, save for Admission, and such announcement shall specify the time for settlement and Admission. If any of the conditions are not satisfied or, if applicable, waived, then the Transactions will not take place.

The Firm Placing (approximately 1.8 percentage points) and the impact of the effective exchange of the New 2034 Tier 2 Notes for the Existing Tier 2 Notes (approximately 0.8 percentage points) will have an aggregate positive effect on the CET1 ratio of the Company (on a consolidated basis) of 2.7 percentage points.

The Transactions (taken together) will (in each case on a consolidated basis) increase the total CET1 capital of the Company by approximately £205 million, the total regulatory capital of the Company by approximately £138 million and the total regulatory capital and MREL of the Company by approximately £275 million.

From a regulatory capital standpoint, the Transactions will allow the Company (on a consolidated basis) and Metro Bank (on a solo basis) to meet its minimum regulatory capital requirements, MREL requirement and the Combined Buffer Requirements in full. Therefore, the MDA restrictions will cease to apply. As at 30 June 2023, the CET1 ratio and Tier 1 ratio of the Company were each 10.4 per cent. At such date, the Company had CET1 and Tier 1 requirements (including public buffers) of 8.2 per cent. and 9.8 per cent. respectively. The countercyclical buffer increased by 1 percentage point as of 5 July 2023, increasing the requirement to 9.2 per cent. and 10.8 per cent., respectively. As at 30 June 2023, the MREL ratio of the Company was 18.1 per cent. At such date, the Company had an MREL requirement (including public buffers) of 20.2 per cent. The countercyclical buffer increased by 1 percentage point as of 5 July 2023, increasing the requirement to 21.2 per cent. Following receipt by Metro Bank, the net proceeds will be placed with the Bank of England.

In parallel with the Transactions, Metro Bank announced on 8 October 2023 that it was in discussions regarding the sale of up to £3.0 billion of its residential loan portfolio by the end of 2023.

For further information, see the Chair's Letter which (save for (i) the subsection of paragraph 2 therein headed "Capital ratios"; (ii) paragraph 3 therein headed "Use of Proceeds"; and (iii) paragraph 8 therein headed "Working Capital") is incorporated by reference into and thereby form a part of this Prospectus. See section headed "*Documents Incorporated by Reference*" for further information.

2 Current Trading and Outlook

The preliminary financial data for the third quarter of 2023 included in this document has been prepared by, and is the responsibility of, the Company's management. PricewaterhouseCoopers LLP has not audited, reviewed, examined, compiled, nor applied agreed-upon procedures with respect to the preliminary financial data. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto.

On 7 November 2023, the Company announced in its 2023 third quarter trading update that, as at 30 September 2023, the Group's assets were £21,606 million (30 June 2023: £21,747 million), its loans and advances to customers were £12,513 million (30 June 2023: £12,572 million), its deposits from customers were £15,612 million (30 June 2023: £15,529 million) and its loan to deposit ratio was 80 per cent. (30 June 2023: 81 per cent.).

As announced on 8 October 2023, following the end of the third quarter, the Group noted an increase in deposit outflow rates in advance of the announcement of the Transactions. Since the announcement, daily flows have returned to more normal ranges.

The third quarter delivered continued momentum in personal and business current account growth and customer acquisition as well as a modest statutory profit after tax. Lending reflected continued controlled asset origination and, as such, capital resources were broadly flat relative to 30 June 2023 levels.

3 Consequences of the Transactions not being implemented

If the Transactions are not implemented, the Company expects that it would have a material adverse effect on the Group's ability to comply with its current and future regulatory capital requirements, loss-absorbing capacity and liquidity requirements, as well as its ability to refinance its debts and, as a consequence, would significantly increase the risk of resolution. See the section headed "*Risk Factors – Risks relating to the*

Group if the Transactions do not successfully close” and “Risk Factors – The Banking Act confers substantial powers on the UK resolution authorities, designed to enable them to take a range of actions in relation to UK deposit-taking institutions (and their groups) which are considered to be at risk of failing. The exercise of any of these actions in relation to the Company, the Group, Metro Bank or each Series of Notes could materially adversely affect the value of each Series of Notes and/or the rights of Holders” of this Prospectus for further details. Furthermore, see paragraph 6 of the Chair’s Letter which is incorporated by reference into and thereby forms a part of this Prospectus.

DIRECTORS AND SENIOR MANAGERS

The section headed “*Directors, Senior Managers and Advisers*” of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the Board of Directors, senior managers and key governance committees of the Issuer. See section headed “*Documents Incorporated by Reference*” for further information.

INFORMATION ABOUT THE GROUP

The section headed “*Part II – Information about the Group*” of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the Group’s business. See section headed “*Documents Incorporated by Reference*” for further information.

SUPERVISION AND REGULATION

The section headed “*Part III – Supervision and Regulation*” of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the supervision and regulation of the Issuer and the Group. See section headed “*Documents Incorporated by Reference*” for further information.

OPERATING AND FINANCIAL REVIEW

The section headed “*Part IV – Operating and Financial Review*” of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the operating and financial review of the Issuer and the Group. See section headed “*Documents Incorporated by Reference*” for further information.

CAPITALISATION AND INDEBTEDNESS

The section headed “*Part VI – Capitalisation and Indebtedness*” of the Equity Prospectus, as incorporated by reference into and thereby forming a part of this Prospectus, sets out a description of the capitalisation and indebtedness of the Group. See section headed “Documents Incorporated by Reference” for further information.

USE OF PROCEEDS

£350,000,000 in aggregate principal amount of the Non-Cash New 2029 MREL Notes will be issued pursuant to implementation of the written resolution passed in respect of the Existing MREL Notes and £150,000,000 in aggregate principal amount of the New 2034 Tier 2 Notes will be issued pursuant to implementation of the written resolution passed in respect of the Existing Tier 2 Notes. See the section headed “*Description of the Transactions – Background to, and reasons for, the Transactions*” for further detail.

Accordingly, the Issuer will not receive any cash proceeds from the issuance of the Non-Cash New 2029 MREL Notes and the New 2034 Tier 2 Notes. The Non-Cash New 2029 MREL Notes and the New 2034 Tier 2 Notes will be issued in exchange for the Existing MREL Notes and the Existing Tier 2 Notes, as applicable, pursuant to the terms of the written resolutions.

The issuance by the Company of the Cash New 2029 MREL Notes (which will form part of the same series and be fungible with the Non-Cash New 2029 MREL Notes) will raise gross proceeds of £175 million (estimated net proceeds of £168 million). On the Issue Date, the Company intends to acquire the MREL Intra-Group Notes and the Tier 2 Intra-Group Notes. The Company intends to use the net proceeds raised from the Transactions and the effective exchanges of the Existing MREL Notes and the Existing Tier 2 Notes to increase the capital resources of the Group and to support the growth of the Group by allowing it to benefit from its attractive strategic opportunity set. See the section headed “*Risk Factors – Risks Relating to the Notes – The Company is a parent financial holding company*” for further detail.

For further information on the impact of the Transactions see the section headed “*Description of the Transactions – Background to, and reasons for, the Transactions*”.

TERMS AND CONDITIONS OF THE NEW 2029 MREL NOTES

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificates.

The Settlement Date referred to in these terms and conditions will be 30 November 2023 or such other date as is notified by, or on behalf of, the Issuer via the Regulatory News Service operated by the London Stock Exchange plc.

The issue of the £525,000,000 12 per cent. Fixed Rate Reset Callable Notes due 2029 (the “**Notes**”, which expression includes any Further Notes pursuant to Condition 15) of Metro Bank Holdings PLC (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 6 November 2023. The Notes are constituted by a trust deed (as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated [*Settlement Date*] between the Issuer and The Law Debenture Trust Corporation p.l.c. (the person or persons for the time being the trustee or trustees under the Trust Deed, the “**Trustee**”) as trustee for the Holders (as defined below) of the Notes. These terms and conditions (as amended from time to time, the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (as modified and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated [*Settlement Date*] relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the “**Principal Paying Agent**”), Citibank, N.A., London Branch as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”), Citibank Europe plc as the initial registrar (the person for the time being the registrar under the Agency Agreement, the “**Registrar**”), the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the “**Transfer Agent(s)**” and, together with the Principal Paying Agent, the Agent Bank, the Registrar or any of them and such other Agent or Agents as may be appointed from time to time under the Agency Agreement, the “**Agents**”) and the Trustee, (i) are available for inspection during usual business hours at the principal office of the Trustee (presently at Eighth Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder following their prior written request to the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent). The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

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

(b) Title

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate

representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, “**Holder**” means the person in whose name a Note is registered.

2 Transfers of Notes

(a) Transfer

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

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

(d) Closed Periods

No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 6 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes constitute direct, unsecured, unsubordinated and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves.

4 Ranking

(a) Winding-Up

If a Winding-Up occurs, the payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

(b) Set-off etc.

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

(c) Trustee Expenses

Nothing in this Condition 4 shall affect or prejudice the payment of the Liabilities of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

5 Interest Payments

(a) Interest Rate

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date as provided in this Condition 5 and shall amount to £60 per Calculation Amount for each Interest Period commencing prior to the Reset Date; provided that the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall be £[*To be calculated in accordance with this Condition 5 once the Settlement Date is confirmed*].

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual

number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (or, if the relevant accrual period falls within the short first Interest Period, the actual number of days from and including 30 October 2023 to but excluding the first Interest Payment Date) and (2) the number of Interest Periods normally ending in any year.

(b) Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6(a), 6(c), 6(d), or 6(e) or the date of substitution thereof pursuant to Condition 6(f), as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 5(a) in relation to equal instalments, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note, is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 12 per cent. per annum (the “**Initial Fixed Interest Rate**”).

(d) Reset Rate of Interest

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin. If no Gilt Yield Quotations are provided by the relevant Reset Reference Banks pursuant to the definition of Reset Reference Rate, the Reset Rate of Interest shall be the Initial Fixed Interest Rate.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period.

(f) Publication of Reset Rate of Interest

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and each of the Transfer Agents as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter and the Issuer shall thereafter notify, as soon as practicable, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders.

If the Notes become due and payable pursuant to Condition 8(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) Agent Bank and Reset Reference Bank

The Issuer will maintain an Agent Bank and (where the Reset Rate of Interest is to be calculated by reference to them) the Issuer will appoint the number of Reset Reference Banks provided below. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee in respect of the Agent Bank only, from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5(d), the Issuer shall promptly appoint another leading investment or commercial bank or financial institution in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by or on behalf of the Agent Bank, shall (in the absence of manifest error) be final and binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents, all Holders and all other interested parties and (in the absence of wilful default or gross negligence) no liability to the Holders, the Trustee or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers and duties.

6 Redemption, Substitution, Variation and Purchase

(a) Final Redemption

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on 30 April 2029 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Notes pursuant to Condition 6(c), 6(d), 6(e), 6(f), or 6(g) is subject to (i) the Issuer having obtained prior Regulatory Permission therefor from the Relevant Regulator (if and to the extent such Regulatory Permission is then required by the Loss Absorption Regulations); and (ii) in the case of any substitution or variation, the Issuer having notified the Relevant Regulator of such substitution or variation and/or obtained Regulatory Permission therefor from the Relevant Regulator, as the case may be (if and to the extent such notice and/or Regulatory Permission is then required by the Loss Absorption Regulations) and such substitution or variation not resulting in any event or circumstance which gives the Issuer a right to redeem the Notes by reason of a Tax Event or Loss Absorption Disqualification Event.

Any refusal by the Relevant Regulator to give its Regulatory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Loss Absorption Regulations permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary are satisfied and, in the case of a substitution or variation, that the terms of the relevant Loss Absorption Compliant Notes comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept without enquiry or liability (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(c) Issuer’s Call Option

Subject to Condition 6(b), the Issuer may, by giving not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Loss Absorption Regulations, be irrevocable and shall specify the date fixed for redemption), elect to redeem all, but not some only, of the Notes on the Reset Date at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(d) Redemption Due to Tax Event

If, prior to the giving of the notice referred to in this Condition 6(d), a Tax Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Loss Absorption Regulations, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(e) Redemption Due to Loss Absorption Disqualification Event

If, prior to the giving of the notice referred to in this Condition 6(e), a Loss Absorption Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Loss Absorption Regulations, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(f) Substitution or Variation

If a Tax Event or a Loss Absorption Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Loss Absorption Compliant Notes, and the Trustee shall (subject to the following provisions of this Condition 6(f) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6(b) above and in the definition of Loss Absorption Compliant Notes) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), either vary the terms of or substitute the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Loss Absorption Compliant Notes, provided that the Trustee shall not be obliged to concur in, or assist with, any such substitution or variation if in its opinion, doing so (i) exposes the Trustee to any Liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) the terms of the proposed alternative Loss Absorption Compliant Notes or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Trustee does not participate or assist with such substitution or variation of the terms of the Notes, the Issuer may, subject as provided above, redeem the Notes as provided in, as appropriate, Conditions 6(d) or 6(e) or thereafter as provided in Condition 6(c).

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(g) Purchases

The Issuer or any of its subsidiaries may, subject to Condition 6(b), at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for the Issuer's or such subsidiary's account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer or any of its subsidiaries, shall not entitle the Holder to vote at any meetings of the Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 8(c).

(h) Cancellation

All Notes which are redeemed or substituted by the Issuer pursuant to this Condition 6 will promptly be cancelled. All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may, at the option of the Issuer and subject to obtaining any Regulatory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled promptly. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be permanently and irrevocably discharged.

(i) **Trustee Not Obligated to Monitor**

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7 Payments

(a) **Method of Payment**

- (i) Payments of principal shall be made in pounds sterling (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

(b) **Payments Subject to Laws**

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents are or agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) **Payments on Business Days**

Payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) **Delay in Payment**

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) **Non-Business Days**

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in sterling, on which foreign exchange transactions may be carried on in sterling in London.

8 Default

(a) Default

If the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) shall not make payment for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a “**Default**”) under the Trust Deed and the Notes and the Trustee, in its discretion, may, or if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, notwithstanding the provisions of Condition 8(b), institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 4(a).

(b) Enforcement

Without prejudice to Condition 8(a) but subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8(b) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in, as appropriate, the circumstances provided in Conditions 4(a) and 8(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 8(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution 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.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) **Extent of Holders' Remedy**

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of their having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any relevant tax authority; or
- (c) in respect of which Certificate representing the Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 9 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders (including by way of a physical meeting, virtual meeting or a hybrid meeting (each as defined in the Trust Deed)) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by the Trustee at its own discretion and shall be convened by the Trustee at the direction of Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and ranking referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in (i) Condition 6(f) in connection with the variation of the terms of the Notes so that they become alternative Loss Absorption Compliant Notes, and to which the Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in respect thereof pursuant to the relevant provisions of Condition 6(f); or (ii) Condition 11(c) in connection with the substitution of the Issuer, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 11(c).

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding shall, in each case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any

breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

(c) Substitution

- (i) The Trust Deed contains provisions permitting the Trustee to agree without the consent of the Holders, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution, to the substitution on a status and ranking basis equivalent to that referred to in Conditions 3 and 4 of certain other entities (any such entity, a “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes.
- (ii) In connection with any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f), none of the Issuer, any Substitute Obligor and/or the Trustee need have any regard to, or be in any way liable for, the consequences of any such substitution for individual Holders, including, but not limited to, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Holder shall, in connection with any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f), be entitled to claim from the Issuer, any Substitute Obligor or the Trustee any indemnification or payment in respect of any tax or other consequence arising as a result of or from any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f).

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 11) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

(e) Regulatory Notice or Permission

No modification to these Conditions or any provisions of the Trust Deed or any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement or any substitution of the Issuer pursuant to this Condition 11 shall become effective unless the Issuer shall have notified the Relevant Regulator of such modification or waiver or authorisation or substitution and/or obtained Regulatory Permission therefor from the Relevant Regulator, as the case may be (if and to the extent such notice and/or Regulatory Permission is then required by the Loss Absorption Regulations).

(f) Notices

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

12 Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the Liabilities of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof.

The Trustee shall not be liable for any consequences of any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers (as provided in Condition 17(c) below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this paragraph shall prevent any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Holder by its acquisition of any Notes (or any interest therein), authorises and instructs the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers.

14 Notices

Notices required to be given to the Holders pursuant to the Conditions or the Trust Deed shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

15 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to any Regulatory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects or in all respects except for the amount and date of the first payment of interest on them

and the date from which interest starts to accrue and so that such further issue shall be consolidated and form a single series with the outstanding Notes (the “**Further Notes**”). References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes. Any Further Notes shall be constituted by the Trust Deed or a deed supplemental to it.

16 Agents

The initial Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer or the Trustee (as applicable) and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents or additional Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

The Issuer undertakes, whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, to appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 14. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, the Registrar or the Principal Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents, all Holders and all other interested parties.

17 Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings. Nothing in this Condition 17 or the Trust Deed shall prevent the Trustee from bringing Proceedings in any competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) Acknowledgement of UK Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this

Condition 17(c), includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (A) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (B) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (C) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (D) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will constitute a default for any purpose.

Upon the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 14 as soon as practicable regarding such exercise of the UK Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17 shall not affect the validity and enforceability of the UK Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

19 Definitions

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 9;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Agents**” has the meaning given to it in the preamble to these Conditions;

“**Agent Bank**” has the meaning given to it in the preamble to these Conditions;

“**Authorised Signatories**” means any two authorised signatories of the Issuer in accordance with the Trust Deed;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

“**Calculation Amount**” means £1,000 in principal amount;

“**Certificates**” has the meaning given to it in Condition 1(a);

“**Code**” has the meaning given to it in Condition 9;

“**Conditions**” has the meaning given to it in the preamble to these Conditions;

“**Directors**” means the directors of the Issuer;

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed;

“**FATCA Withholding**” has the meaning given to it in Condition 9;

“**Further Notes**” has the meaning given to it in Condition 15;

“**Group**” means the Issuer together with each entity (if any) which is part of the prudential and/or resolution group of which the Issuer is part from time to time;

“**Holder**” has the meaning given to it in Condition 1;

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 5(c);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Interest Payment Date**” means 30 April and 30 October in each year, starting on (and including) 30 April 2024;

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

“**Interest Rate**” means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

“**Issue Date**” means [*Settlement Date*], being the date of the initial issue of the Notes;

“**Liabilities**” has the meaning given to it in the Trust Deed;

“**London Stock Exchange**” means the London Stock Exchange plc;

“Loss Absorption Compliant Notes” means securities issued directly by the Issuer that:

- (a) have terms which are not materially less favourable to Holders than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certification to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (1) contain terms which comply with the then current Loss Absorption Regulations in order to be eligible to qualify in full towards the Issuer’s and/or, as applicable, the Group’s minimum requirements (on an individual or, as applicable, consolidated basis) for own funds and eligible liabilities and/or loss absorbing capacity instruments; (2) provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (3) rank *pari passu* with the ranking of the Notes; (4) 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; (5) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (6) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (6) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and (7) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (7) shall not preclude the inclusion of any provision analogous to Condition 17(c));
- (b) where the Notes which have been substituted or varied had a published solicited rating from one or more rating agencies immediately prior to their substitution or variation, such rating agency(ies) will have assigned, or informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating; and
- (c) are (i) listed on the Official List of the Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000, (ii) admitted to trading on the Main Market of the London Stock Exchange or (iii) listed on such other stock exchange that is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

a **“Loss Absorption Disqualification Event”** shall be deemed to have occurred if, as a result of any amendment to, or change in, any Loss Absorption Regulations, or any change in the application or official interpretation of any Loss Absorption Regulations, in any such case becoming effective on or after the Reference Date, the entire principal amount of the Notes or any part thereof, is, or (in the opinion of the Issuer or the Relevant Regulator) is likely to be, excluded from the Issuer’s and/or, as applicable, the Group’s minimum requirements for (i) own funds and eligible liabilities and/or (ii) loss absorbing capacity instruments, in each case as such minimum requirements are applicable to the Issuer (whether on an individual or consolidated basis) and determined in accordance with, and pursuant to, the relevant Loss Absorption Regulations; provided that a Loss Absorption Disqualification Event shall not occur where the relevant exclusion is due to the remaining maturity of the Notes being less than any period prescribed by any applicable eligibility criteria for such minimum requirements under the relevant Loss Absorption Regulations effective with respect to the Issuer and/or, as applicable, the Group on the Reference Date;

“Loss Absorption Regulations” means, at any time, the laws, regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments of the United Kingdom (including, without limitation, any provisions of the Insolvency Act 1986 or the Banking Act 2009, in each case as amended from time to time and including any subordinate legislation made thereunder) and/or of the Relevant Regulator and, in either case, applicable to

the Issuer and/or the Group (whether on an individual or consolidated basis), including, without limitation to the generality of the foregoing, any applicable delegated or implementing acts (such as regulatory technical standards) and any regulations, requirements, guidelines, rules, standards and policies relating to minimum requirements for own funds and eligible liabilities and/or loss absorbing capacity instruments adopted by the Relevant Regulator from time to time (whether such regulations, requirements, guidelines, rules, standards or policies are applied generally or specifically to the Issuer and/or the Group);

“**Margin**” means [\bullet]¹ per cent.;

“**Maturity Date**” has the meaning given to it in Condition 6(a);

“**Notes**” has the meaning given to it in the preamble to these Conditions;

“**pounds sterling**” or “**penny**” means the lawful currency of the United Kingdom;

“**Principal Paying Agent**” has the meaning given to it in the preamble to these Conditions;

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

“**Record Date**” has the meaning given to it in Condition 7(a)(ii);

“**Reference Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 15;

“**Register**” has the meaning given to it in Condition 1(b);

“**Registrar**” has the meaning given to it in the preamble to these Conditions;

“**Regulatory Permission**” means, in relation to any action, such supervisory permission (or, as appropriate, notice, approval, non-objection and/or waiver) as is required therefor under prevailing Loss Absorption Regulations (if any);

“**Relevant Amounts**” means the outstanding principal amount of the Notes, together with any accrued and unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority;

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a

¹ Note: The Margin will be the rate specified as such in a notice given by the Issuer to the Trustee on or before the Issue Date, and which shall equal the difference between the re-offer yield on the Notes (calculated based on a 12 per cent. per annum, semi-annual coupon) and the Reference Rate.

For these purposes:

“**Reference Rate**” means the average (rounded to the nearest 0.001 per cent.) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt at approximately 11.00 a.m. (London time) on the fifth Business Day, prior to the Issue Date, expressed as a percentage, and quoted to the Issuer by an investment bank of international repute selected by the Issuer for the purpose; and

“**Benchmark Gilt**” means UKT 0.125% due 31 January 2028.

resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

“Relevant Jurisdiction” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

“Relevant Regulator” means the Bank of England (i) acting as the Prudential Regulation Authority in the context of prudential matters or (ii) acting through its Resolution Directorate in the context of resolution matters or such other authority (including, for the avoidance of doubt, any successor or replacement to the foregoing) having primary supervisory authority with respect to prudential and/or resolution matters, as applicable, concerning, as applicable, the Issuer and/or the Group;

“Relevant Resolution Authority” means the resolution authority with the ability to exercise any UK Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes (being, as at the Issue Date, the Bank of England);

“Reset Date” means 30 April 2028;

“Reset Determination Date” means the day falling two Business Days prior to the Reset Date;

“Reset Period” means the period from and including the Reset Date to but excluding the Maturity Date;

“Reset Rate of Interest” has the meaning given to it in Condition 5(d);

“Reset Reference Banks” means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

“Reset Reference Rate” means in respect of the Reset Period, the percentage rate (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined by the Agent Bank on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by or on behalf of the Issuer to the Agent Bank at approximately 11:00 a.m. (London time) on the Reset Determination Date in respect of the Reset Period. If at least four quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the rounded quotation provided, where:

“Benchmark Gilt” means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new issues and having a maturity date on or about the Maturity Date as the Issuer (following, in the Issuer’s discretion, consultation with an independent investment bank or independent financial adviser of international repute), may determine to be appropriate (following any then-current guidance published by the International Capital Market Association at the relevant time, if applicable); and

“Gilt Yield Quotations” means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of the Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;

“Substitute Obligor” has the meaning given to it in Condition 11(c);

“**Tax Event**” is deemed to have occurred if, as a result of a Tax Law Change:

- (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts;
- (b) the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments (or its corresponding funding costs as recognised in its financial statements) in respect of the Notes in computing its taxation liabilities or the amount, or value to the Issuer, of such deduction is reduced;
- (c) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes;
- (d) the Issuer is not, or will not be, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist); or
- (e) the Notes or any part thereof are, or will be, treated as a derivative or an embedded derivative for United Kingdom tax purposes,

and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Reference Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Reference Date;

“**Transfer Agents**” has the meaning given to it in the preamble to these Conditions;

“**Trust Deed**” has the meaning given to it in the preamble to these Conditions;

“**Trustee**” has the meaning given to it in the preamble to these Conditions;

“**UK Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom, relating to (i) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks or other financial institutions, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland; and

“Winding-Up” means:

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

TERMS AND CONDITIONS OF THE NEW 2034 TIER 2 NOTES

The following is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificates.

The Settlement Date referred to in these terms and conditions will be 30 November 2023 or such other date as is notified by, or on behalf of, the Issuer via the Regulatory News Service operated by the London Stock Exchange plc.

The issue of the £150,000,000 14 per cent. Fixed Rate Reset Callable Subordinated Notes due 2034 (the “**Notes**”, which expression includes any Further Notes pursuant to Condition 15) of Metro Bank Holdings PLC (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 6 November 2023. The Notes are constituted by a trust deed (as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated [Settlement Date] between the Issuer and The Law Debenture Trust Corporation p.l.c. (the person or persons for the time being the trustee or trustees under the Trust Deed, the “**Trustee**”) as trustee for the Holders (as defined below) of the Notes. These terms and conditions (as amended from time to time, the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (as modified and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) dated [Settlement Date] relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the “**Principal Paying Agent**”), Citibank, N.A., London Branch as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”), Citibank Europe plc as the initial registrar (the person for the time being the registrar under the Agency Agreement, the “**Registrar**”), the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the “**Transfer Agent(s)**” and together with the Principal Paying Agent, the Agent Bank, the Registrar or any of them and such other Agent or Agents as may be appointed from time to time under the Agency Agreement, the “**Agents**”) and the Trustee, (i) are available for inspection during usual business hours at the principal office of the Trustee (presently at Eighth Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder following their prior written request to the Principal Paying Agent and provision of proof of holding and identity (in a form satisfactory to the Principal Paying Agent). The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

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

(b) Title

Title to the Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on the Certificate

representing it or the theft or loss of such Certificate and no person shall be liable for so treating the Holder.

In these Conditions, “**Holder**” means the person in whose name a Note is registered.

2 Transfers of Notes

(a) Transfer

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

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

(d) Closed Periods

No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 6 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes constitute direct and unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4.

4 Subordination

(a) Winding-Up

If a Winding-Up occurs, the rights and claims of the Holders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect thereof, provided however that such rights and claims shall be subordinated as provided in this Condition 4(a) and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (if any) and all obligations of the Issuer which rank or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations of the Issuer which rank, or are expressed to rank, *pari passu* therewith and/or junior to the Notes and to the claims of holders of all classes of share capital of the Issuer.

(b) Set-off etc.

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

(c) Trustee Expenses

Nothing in this Condition 4 shall affect or prejudice the payment of the Liabilities of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

5 Interest Payments

(a) Interest Rate

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date as provided in this Condition 5 and shall amount to £70 per Calculation Amount for each Interest Period commencing prior to the Reset Date; provided that the first Interest Period shall be a short first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall be £[*To be calculated in accordance with this Condition 5 once the Settlement Date is confirmed*].

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (or, if the relevant accrual period falls within the short first Interest Period, the actual number of days from and including 30 October 2023 to but excluding the first Interest Payment Date) and (2) the number of Interest Periods normally ending in any year.

(b) Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6(a), (c), (d) or (e) or the date of substitution thereof pursuant to Condition 6(f), as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 5(a) in relation to equal instalments, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 14 per cent. per annum (the “**Initial Fixed Interest Rate**”).

(d) Reset Rate of Interest

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin. If no Gilt Yield Quotations are provided by the relevant Reset Reference Banks pursuant to the definition of Reset Reference Rate, the Reset Rate of Interest shall be the Initial Fixed Interest Rate.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period.

(f) Publication of Reset Rate of Interest

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Issuer, the Trustee, the Principal Paying Agent, the Registrar and each of the Transfer Agents as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter and the Issuer shall thereafter notify, as soon as practicable, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders.

If the Notes become due and payable pursuant to Condition 8(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) Agent Bank and Reset Reference Bank

The Issuer will maintain an Agent Bank and (where the Reset Rate of Interest is to be calculated by reference to them) the Issuer will appoint the number of Reset Reference Banks provided below. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee in respect of the Agent Bank only, from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5(d), the Issuer shall promptly appoint another leading investment or commercial bank or financial institution in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by or on behalf of the Agent Bank, shall (in the absence of manifest error) be final and binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents, all Holders and all other interested parties and (in the absence of wilful default or gross negligence) no liability to the Holders, the Trustee or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers and duties.

6 Redemption, Substitution, Variation and Purchase

(a) Final Redemption

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on 30 April 2034 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Notes pursuant to Condition 6(c), (d), (e), (f) or (g) is subject, as applicable and in each case if and to the extent then required under prevailing Regulatory Capital Requirements, to:

- (i) the Issuer having obtained prior Supervisory Permission therefor from the Relevant Authority;
- (ii) in the case of any redemption or purchase of any Notes, either: (A) the Issuer having (or will on or before the relevant redemption or purchase date, have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and/or, as applicable, the Group; or (B) the Issuer having demonstrated to the satisfaction of the Relevant Authority that the own funds and eligible liabilities of the Issuer and/or, as applicable, the Group would, following such redemption or purchase, exceed its minimum applicable capital requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;
- (iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;
- (iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and
- (v) in the case of any purchase of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6(g), either (A) the Issuer having, before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Any refusal by the Relevant Authority to give its Supervisory Permission as contemplated above shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirements or circumstances giving rise to the right to redeem, substitute or, as appropriate, vary are satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the

Relevant Jurisdiction experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of “Tax Event” applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee may accept without enquiry or liability (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(c) Issuer’s Call Option

Subject to Condition 6(b), the Issuer may, by giving not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Regulatory Capital Requirements, be irrevocable and shall specify the date fixed for redemption), elect to redeem all, but not some only, of the Notes on the Reset Date at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(d) Redemption Due to Tax Event

If, prior to the giving of the notice referred to in this Condition 6(d), a Tax Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Regulatory Capital Requirements, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(e) Redemption Due to Capital Disqualification Event

If, prior to the giving of the notice referred to in this Condition 6(e), a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b) in respect of the requirements under the then prevailing Regulatory Capital Requirements, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any accrued and unpaid interest to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(f) Substitution or Variation

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 60 days’ notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, save as provided in Condition 6(b), be irrevocable and shall specify the date fixed for substitution or, as the case may be, variation of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as

appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6(f) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6(b) above and in the definition of “Qualifying Tier 2 Securities”) agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), either vary the terms of or substitute the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to concur in, or assist with, any such substitution or variation if in its opinion, doing so (i) exposes the Trustee to any Liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) the terms of the proposed alternative Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee’s opinion, more onerous obligations upon it or reduce its rights or protections. If, notwithstanding the above, the Trustee does not participate or assist with such substitution or variation of the terms of the Notes, the Issuer may, subject as provided above, redeem the Notes as provided in, as appropriate, Condition 6(d) or 6(e) or thereafter as provided in Condition 6(c).

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(g) Purchases

The Issuer or any of its subsidiaries may, subject to Condition 6(b), at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for the Issuer’s or such subsidiary’s account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer or any of its subsidiaries, shall not entitle the Holder to vote at any meetings of the Holders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 8(c).

(h) Cancellation

All Notes which are redeemed or substituted by the Issuer pursuant to this Condition 6 will promptly be cancelled. All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may, at the option of the Issuer and subject to obtaining any Supervisory Permission therefor, be held, reissued, resold or, at the option of the Issuer or any such subsidiary, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled promptly. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be permanently and irrevocably discharged.

(i) Trustee Not Obligated to Monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has actual written notice of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7 Payments

(a) Method of Payment

- (i) Payments of principal shall be made in pounds sterling (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as is provided for payments of interest in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the business day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

(b) Payments Subject to Laws

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents are or agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Payments on Business Days

Payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Delay in Payment

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) Non-Business Days

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in sterling, on which foreign exchange transactions may be carried on in sterling in London.

8 Default

(a) Default

If the Issuer does not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) shall not make payment for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a “**Default**”) under the Trust

Deed and the Notes and the Trustee, in its discretion, may, or if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, notwithstanding the provisions of Condition 8(b), institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or if so requested by an Extraordinary Resolution or in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 4(a).

(b) Enforcement

Without prejudice to Condition 8(a), but subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction, the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8(b) shall, however, prevent the Trustee instituting proceedings for the winding-up of the Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in, as appropriate, the circumstances provided in Conditions 4(a) and 8(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 8(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so requested by an Extraordinary Resolution 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.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of such taxes, duties, assessments, or governmental charges is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts (“**Additional Amounts**”) as will result in the receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of their having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any relevant tax authority; or
- (c) in respect of which Certificate representing the Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 9 or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

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

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders (including by way of a physical meeting, virtual meeting or a hybrid meeting (each as defined in the Trust Deed)) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by the Trustee at its own discretion and shall be convened by the Trustee

at the direction of Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding, subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding status and subordination referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in (i) Condition 6(f) in connection with the variation of the terms of the Notes so that they become alternative Qualifying Tier 2 Securities, and to which the Trustee shall at the request and expense of the Issuer use its reasonable endeavours to assist the Issuer in respect thereof pursuant to the relevant provisions of Condition 6(f); or (ii) Condition 11(c) in connection with the substitution of the Issuer, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 11(c).

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than 75 per cent. in principal amount of the Notes for the time being outstanding shall, in each case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

(b) Modification and Waiver

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

(c) Substitution

- (i) The Trust Deed contains provisions permitting the Trustee to agree without the consent of the Holders, subject to the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution, to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of certain other entities (any such entity, a “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes.
- (ii) In connection with any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f), none of the Issuer, any Substitute Obligor and/or the Trustee need have any regard to, or be in any way liable for, the consequences of any such substitution for individual Holders, including, but not limited to, resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Holder shall, in connection with any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f), be entitled to claim from the Issuer, any Substitute Obligor or the Trustee any indemnification or payment in respect of any tax or other consequence arising as a result of or from any substitution of the Issuer pursuant to this Condition 11(c) or any substitution of the Notes pursuant to Condition 6(f).

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including, but not limited to, those referred to in this Condition 11) the Trustee shall have regard to the interests of the Holders as a class and shall not have regard to the consequences of such exercise for individual Holders and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders.

(e) Regulatory Notice or Permission

No modification to these Conditions or any provisions of the Trust Deed or any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement or any substitution of the Issuer pursuant to this Condition 11 shall become effective unless the Issuer shall have notified the Relevant Authority of such modification or waiver or authorisation or substitution and/or obtained Supervisory Permission therefor from the Relevant Authority, as the case may be (if and to the extent such notice and/or Supervisory Permission is then required by the Regulatory Capital Requirements).

(f) Notices

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

12 Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the

requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the Liabilities of the Trustee in its personal capacity or the rights and remedies of the Trustee in respect thereof.

The Trustee shall not be liable for any consequences of any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers (as provided in Condition 17(c) below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this paragraph shall prevent any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Holder by its acquisition of any Notes (or any interest therein) authorises and instructs the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers.

14 Notices

Notices required to be given to the Holders pursuant to the Conditions or the Trust Deed shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

15 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to any Supervisory Permission required, create and issue further securities either having the same terms and conditions as the Notes in all respects or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue and so that such further issue shall be consolidated and form a single series with the outstanding Notes (the "**Further Notes**"). References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes. Any Further Notes shall be constituted by the Trust Deed or a deed supplemental to it.

16 Agents

The initial Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer or the Trustee (as applicable) and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents or additional Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

The Issuer undertakes, whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, to appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 14. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, the Registrar or the Principal Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents, all Holders and all other interested parties.

17 Governing Law and Jurisdiction

(a) Governing Law

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

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings. Nothing in this Condition 17 or the Trust Deed shall prevent the Trustee from bringing Proceedings in any competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) to the extent permitted by applicable law.

(c) Acknowledgement of UK Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 17(c), includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (d) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will constitute a default for any purpose.

Upon the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders in accordance with Condition 14 as soon as practicable regarding such exercise of the UK Statutory Loss Absorption Powers. The Issuer will also deliver a copy of such notice to the Trustee for information purposes. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17 shall not affect the validity and enforceability of the UK Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

18 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes by virtue of the Contracts (Rights of Third Parties) Act 1999.

19 Definitions

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 9;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

“**Agents**” has the meaning given to it in the preamble to these Conditions;

“**Agent Bank**” has the meaning given to it in the preamble to these Conditions;

“**Authorised Signatories**” means any two authorised signatories of the Issuer in accordance with the Trust Deed;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London;

“**Calculation Amount**” means £1,000 in principal amount;

“**Capital Disqualification Event**” is deemed to have occurred if there is a change (which has occurred or which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire principal amount of the Notes ceasing to be included in the Tier 2 Capital of the Issuer and/or, as applicable, the Group, as applicable at the relevant time, and for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the UK CRD Regulation shall not comprise a Capital Disqualification Event;

“**Certificates**” has the meaning given to it in Condition 1(a);

“**Code**” has the meaning given to it in Condition 9;

“**Conditions**” has the meaning given to it in the preamble to these Conditions;

“**Directors**” means the directors of the Issuer;

“**EUWA**” means the European Union (Withdrawal) Act 2018, as amended;

“**Extraordinary Resolution**” has the meaning given to it in the Trust Deed;

“**FATCA Withholding**” has the meaning given to it in Condition 9;

“**Further Notes**” has the meaning given to it in Condition 15;

“**Group**” means the Issuer together with each entity (if any) which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, if any;

“**Holder**” has the meaning given to it in Condition 1;

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 5(c);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Interest Payment Date**” means 30 April and 30 October in each year, starting on (and including) 30 April 2024;

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

“**Interest Rate**” means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

“**Issue Date**” means [*Settlement Date*], being the date of the initial issue of the Notes;

“**Liabilities**” has the meaning given to it in the Trust Deed;

“**London Stock Exchange**” means the London Stock Exchange plc;

“**Margin**” means [\bullet]² per cent.;

“**Maturity Date**” has the meaning given to it in Condition 6(a);

“**Notes**” has the meaning given to it in the preamble to these Conditions;

“**pounds sterling**” or “**pence**” means the lawful currency of the United Kingdom;

“**Principal Paying Agent**” has the meaning given to it in the preamble to these Conditions;

“**Qualifying Tier 2 Securities**” means securities issued directly by the Issuer that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (i) contain terms which comply with the then current Regulatory Capital Requirements in relation to Tier 2 Capital; (ii) provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes; (iii) rank *pari passu* with the ranking of the Notes; (iv) 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; (v) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (vi) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (vi) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and (vii) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (vii) shall not preclude the inclusion of any provision analogous to Condition 17(c));
- (b) where the Notes which have been substituted or varied had a published solicited rating from one or more rating agencies immediately prior to their substitution or variation, such rating agency(ies) will have assigned, or informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published solicited rating; and
- (c) are (i) listed on the Official List of the Financial Conduct Authority acting under Part VI of the Financial Services and Markets Act 2000, (ii) admitted to trading on the Main Market of the London Stock Exchange or (iii) listed on such other stock exchange that is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the United Kingdom Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

² Note: The Margin will be the rate specified as such in a notice given by the Issuer to the Trustee on or before the Issue Date, and which shall equal the difference between the re-offer yield on the Notes (calculated based on a 14 per cent. per annum, semi-annual coupon) and the Reference Rate.

For these purposes:

“**Reference Rate**” means the average (rounded to the nearest 0.001 per cent.) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt at approximately 11.00 a.m. (London time) on the fifth Business Day, prior to the Issue Date, expressed as a percentage, and quoted to the Issuer by an investment bank of international repute selected by the Issuer for the purpose; and

“**Benchmark Gilt**” means UKT 0.500% due 31 January 2029.

“**Record Date**” has the meaning given to it in Condition 7(a)(ii);

“**Reference Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 15;

“**Register**” has the meaning given to it in Condition 1(b);

“**Registrar**” has the meaning given to it in the preamble to these Conditions;

“**Regulatory Capital Requirements**” means, at any time, any requirement contained in the laws, regulations, requirements, guidelines and policies of the Relevant Authority (whether or not having the force of law) or of the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis), prudential supervision (including the requisite features of own funds instruments) and/or resolution and applicable to the Issuer and/or, as applicable the Group;

“**Relevant Amounts**” means the outstanding principal amount of the Notes, together with any accrued and unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority;

“**Relevant Authority**” means, at any time, the Prudential Regulation Authority or such other additional or successor authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer and/or the Group at such time;

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

“**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any UK Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes (being, as at the Issue Date, the Bank of England);

“**Reset Date**” means 30 April 2029;

“**Reset Determination Date**” means the day falling two Business Days prior to the Reset Date;

“**Reset Period**” means the period from and including the Reset Date to but excluding the Maturity Date;

“**Reset Rate of Interest**” has the meaning given to it in Condition 5(d);

“**Reset Reference Banks**” means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

“**Reset Reference Rate**” means in respect of the Reset Period, the percentage rate (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) determined by the Agent Bank on

the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by or on behalf of the Issuer to the Agent Bank at approximately 11:00 a.m. (London time) on the Reset Determination Date in respect of the Reset Period. If at least four quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the rounded quotation provided, where:

“**Benchmark Gilt**” means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new issues and having a maturity date on or about the Maturity Date as the Issuer (following in the Issuer’s discretion, consultation with an independent investment bank or independent financial adviser of international repute), may determine to be appropriate (following any then-current guidance published by the International Capital Market Association at the relevant time, if applicable); and

“**Gilt Yield Quotations**” means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean (rounded (if necessary) to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards)) of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of the Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;

“**Senior Creditors**” means creditors of the Issuer (i) who are unsubordinated creditors of the Issuer; and (ii) whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Notes);

“**Substitute Obligor**” has the meaning given to it in Condition 11(c);

“**Supervisory Permission**” means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor under prevailing Regulatory Capital Requirements (if any);

“**Tax Event**” is deemed to have occurred if, as a result of a Tax Law Change:

- (a) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts;
- (b) the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments (or its corresponding funding costs as recognised in its financial statements) in respect of the Notes in computing its taxation liabilities or the amount, or value to the Issuer, of such deduction is reduced;
- (c) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes;
- (d) the Issuer is not, or will not be, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Reference Date or any similar system or systems having like effect as may from time to time exist); or
- (e) the Notes or any part thereof are, or will be, treated as a derivative or an embedded derivative for United Kingdom tax purposes,

and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

“**Tax Law Change**” means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written statements made by a tax authority regarding the anticipated tax treatment of the Notes, which change or amendment (x) (subject to (y)) becomes, or would become, effective on or after the Reference Date, or (y) in the case of a change or proposed change in law, if such change is enacted (or, in the case of a proposed change, is expected to be enacted), on or after the Reference Date;

“**Tier 1 Capital**” has the meaning given to it (or any successor term) from time to time in, or for the purposes of, the Regulatory Capital Requirements;

“**Tier 2 Capital**” has the meaning given to it (or any successor term) from time to time in, or for the purposes of, the Regulatory Capital Requirements;

“**Transfer Agents**” has the meaning given to it in the preamble to these Conditions;

“**Trust Deed**” has the meaning given to it in the preamble to these Conditions;

“**Trustee**” has the meaning given to it in the preamble to these Conditions;

“**UK CRD Regulation**” means the Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended and as it forms part of retained EU law (as defined in the EUWA), as amended or replaced from time to time;

“**UK Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the United Kingdom, relating to (i) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks or other financial institutions, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

“**United Kingdom**” means the United Kingdom of Great Britain and Northern Ireland; and

“**Winding-Up**” means:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (b) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or

- (c) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATES

The following is a summary of the provisions to be contained in each Trust Deed and in the Global Certificates which will apply to, and in some cases modify the effect of, the Conditions of the relevant Notes while such Notes are represented by such Global Certificates:

Initial Issue of Certificates

The Regulation S Notes will upon issue be represented by the Unrestricted Global Certificate and the Rule 144A Notes will upon issue be represented by the Restricted Global Certificate, each in registered form and which will both be registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificates in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the relevant Global Certificate and in relation to all other rights arising under such Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on a Note for so long as the Notes are represented by a Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the relevant Global Certificate in respect of each amount so paid.

Exchange of a Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by a Global Certificate pursuant to Condition 2(a) of the relevant Notes may only be made in part:

- (i) if the Notes represented by the relevant Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the holder of the Notes represented by the relevant Global Certificate has given the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such transfer. Where the holding of Notes represented by a Global Certificate is only transferable in its entirety, the Certificate issued to the transferee

upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Calculation of Interest

For so long as all of the Notes of a Series are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the aggregate principal amount of the Notes represented by such Global Certificate, and not per Calculation Amount as provided in Condition 5 of the relevant Notes.

Payments

All payments in respect of Notes of a Series represented by a Global Certificate will be made to the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7) shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Notices

So long as the Notes of a Series are represented by a Global Certificate and it is held by or on behalf of a clearing system, notices to such Holders will be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for notification as required by the relevant Conditions. A notice will be deemed to have been given to accountholders on the day of delivery to the relevant clearing system for delivery to entitled accountholders.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes of a Series represented by a Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the due date.

Meetings

For the purposes of any meeting of the Holders, the holder of the Notes of a Series represented by a Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of the relevant Notes.

Written Resolution and Electronic Consent

So long as the Notes are represented by a Global Certificate registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, then, in respect of any resolution proposed by the Issuer or the Trustee:

- (i) where the terms of the proposed resolution proposed by the Issuer or the Trustee (as the case may be) have been notified to the Holder through the relevant clearing system(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent.

in nominal amount of the Notes outstanding (“**Electronic Consent**”) by close of business on the Relevant Date (as defined in the Trust Deed). Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and

- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to the relevant Global Certificate and/or, (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant Alternative Clearing System (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

BOOK-ENTRY, DELIVERY AND FORM

The Global Certificates

The Regulation S Notes will upon issue be represented by the Unrestricted Global Certificate, in registered form and which will be registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Unrestricted Global Certificate may be held only through Euroclear or Clearstream, Luxembourg at any time. See “*Book-entry Procedures for the Global Certificates*” below. By acquisition of a beneficial interest in the Unrestricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is located outside the United States and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the relevant Trust Deed. See “*Transfer Restrictions*”.

The Rule 144A Notes will upon issue be represented by the Restricted Global Certificate, in registered form and which will be registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg. Beneficial interests in the Restricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg at any time. See “*Book-entry Procedures for the Global Certificates*” below. By acquisition of a beneficial interest in the Restricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the relevant Trust Deed. See “*Transfer Restrictions*”.

Beneficial interests in Global Certificates will be subject to certain restrictions on transfer set forth herein and in the relevant Trust Deed and the relevant Global Certificates will bear the applicable legends regarding the restrictions set forth under “*Transfer Restrictions*”. A beneficial interest in the Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate only in denominations greater than or equal to the minimum denominations applicable to interests in the Restricted Global Certificate and only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Beneficial interests in the Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate only upon receipt by the Registrar of a written certification (in the form provided in the Agency Agreement) from the transferor to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Any beneficial interest in the Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate will, upon transfer, cease to be an interest in the Unrestricted Global Certificate and become an interest in the Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificate for as long as it remains such an interest. Any beneficial interest in the Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate will, upon transfer, cease to be an interest in the Restricted Global Certificate and become an interest in the Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Notes, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of definitive Certificates. The Notes are not issuable in bearer form.

Exchange and Registration of Title

Owners of interests in the Notes in respect of which the Global Certificates are issued will only be entitled to have title to the Notes registered in their names and to receive individual definitive Notes if the Global Certificates are held by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or upon or following any failure to pay principal in respect of any Notes when it is due and payable, as more fully described in the Global Certificates.

In such circumstances, the Issuer will cause sufficient individual definitive Notes to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Holders. A person with an interest in the Notes in respect of which a Global Certificate is issued must provide the Registrar with a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Notes.

If only one of the Global Certificates (the “**Exchanged Global Certificate**”) becomes exchangeable for definitive Certificates in accordance with the above paragraphs, transfers of Notes may not take place between, on the one hand, persons holding definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

Legends

The holder of a definitive Certificate may transfer the relevant Notes evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a definitive Certificate representing Rule 144A Notes (a “**Restricted Definitive Certificate**”) bearing the legend referred to under “*Transfer Restrictions*” or, upon specific request for removal of the legend on a Restricted Definitive Certificate, the Issuer will deliver only Restricted Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Book-entry Procedures for the Global Certificates

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other.

Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders (“**Direct Participants**”) or indirectly (“**Indirect Participants**”) and, together with Direct Participants, “**Participants**”) through organisations which are accountholders therein.

Book-entry Ownership

Euroclear and Clearstream, Luxembourg

The Unrestricted Global Certificate will have an ISIN and a Common Code and the Restricted Global Certificate will have a separate ISIN number and Common Code. The Global Certificates will be registered in the name of a registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium, and the address of Clearstream, Luxembourg is 42 Avenue J.F. Kennedy, L-1855, Luxembourg.

Relationship of Participants with Clearing Systems

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note evidenced by a Global Certificate must look solely to Euroclear or Clearstream, Luxembourg (as the case may be) for their share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg. The Issuer expects that, upon receipt of any payment in respect of Notes evidenced by a Global Certificate, the common depository by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants’ or accountholders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any clearing system to owners of beneficial interests in any Global Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are evidenced by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee or any Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

Settlement and Transfer of Notes

Subject to the rules and procedures of each applicable clearing system, purchases of Notes held within a clearing system must be made by or through Direct Participants which will receive a credit for such Notes on the clearing system’s records. The ownership interest of each actual purchaser of each such Note (the “**Beneficial Owner**”) will in turn be recorded on the Direct Participants’ records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the clearing system will be affected by entries made on the books of Direct Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Certificate held within a clearing system are exchanged for definitive Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Notes held within such clearing system and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants or by Direct Participants to Indirect Participants, and by Direct Participants or Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited.

Trading between Euroclear and/or Clearstream, Luxembourg Participants

Secondary market sales of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional eurobonds.

Pre-issue Trades Settlement

It is expected that delivery of the Notes will be made on the Settlement Date, which will be more than two business days following the date of pricing. Under Rule 15c6-1 under the Exchange Act, trades in the United States secondary market generally are required to settle in two business days (T+2), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes in the United States on the date of pricing or the next succeeding business days until two business days prior to the Settlement Date will be required, by virtue of the fact the Notes will initially settle beyond T+2, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries may vary and purchasers of Notes may be affected by such local settlement practices. Purchasers of Notes who wish to trade the Notes between the date of pricing and the Settlement Date should consult their own advisor.

TRANSFER RESTRICTIONS

Rule 144A Notes

Each purchaser of Notes within the United States, by accepting delivery of this Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it may only subscribe for or acquire the Notes for its own account, or for the account of one or more other QIBs for which it is acting as duly authorised fiduciary or agent, with sole investment discretion with respect to each such account, and with full authority to make these undertakings, representations, warranties and agreements with respect to each such account, in each case purchasing the Notes for investment purposes only and not with a view to any resale or distribution of any such Notes;
- (ii) if in the future it or any such other QIB for which it is acting, or any other fiduciary or agent representing such investor, decides to offer, sell or otherwise transfer any Notes, it and such other person will do so only: (a) in accordance with Rule 144A to a person that the holder and any person acting on its behalf reasonably believes is a QIB purchasing for its own account or for the account of a QIB, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (c) pursuant to the exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) or (d) pursuant to another exemption from, or in a transaction not subject to the registration requirements of the Securities Act and, in each case, in accordance with any applicable securities laws of the United States and of any other jurisdiction. It understands (and each beneficial owner for which it is acting, if any, has been advised and understands) that no representation can be made as to the availability of the exemption provided by Rule 144 under the Securities Act for the resale of the Notes;
- (iii) it understands that the Notes will be acquired by it in a transaction that is exempt from the registration requirements of the Securities Act and that the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act;
- (iv) it is not acquiring the Notes as a result of (i) any “general solicitation” or “general advertising” (as those terms are defined in Regulation D under the Securities Act), or (ii) any “directed selling efforts” as such term is defined in Regulation S under the Securities Act;
- (v) it understands that the Restricted Global Certificate, unless otherwise agreed between the Issuer and the Trustee in accordance with applicable law, will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”), (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, IN EACH CASE IN

ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND OF ANY OTHER JURISDICTION. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS NOTE.

- (vi) if, in the future, it offers, resells, pledges or otherwise transfers the Notes, it shall notify such subsequent transferee of the transfer restrictions set out herein; and
- (vii) it is not an affiliate (as defined in Rule 501(b) under the Securities Act) of the Issuer, and is not acting on behalf of an affiliate of the Issuer.
- (viii) The Issuer, the Registrar and their respective affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.
- (ix) It understands that the Rule 144A Notes will be evidenced by the Restricted Global Certificate. Before any interest in the Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.

Prospective investors are hereby notified that the seller of the Notes offered under the Prospectus may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act.

TAXATION

GENERAL

The comments below are of a general nature and do not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities and commodities) may be subject to special rules.

Any Holders or beneficial owners of Notes who are in doubt as to their own tax position should consult their professional advisers. In particular, Holders and beneficial owners of Notes of each Series should be aware that the tax legislation of any jurisdiction where a Holder or a beneficial owner is resident or otherwise subject to taxation (as well as the jurisdictions discussed below) may have an impact on the tax consequences of an investment in the relevant Notes including in respect of any income received from the relevant Notes.

UNITED KINGDOM

The following summary is based on current UK tax law as applied in England and Wales and HM Revenue & Customs published practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of this Prospectus. It assumes that there will be no substitution of the Issuer or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the Conditions). It relates only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of the Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of the Notes. It does not necessarily apply where the income is deemed for tax purposes to be income of any other person. It relates only to the position of persons who hold their Notes as investments (regardless of whether the Holder also carries on a trade, profession or vocation through a permanent establishment, branch or agency to which the Notes are attributable) and are the absolute beneficial owners thereof. In particular, Holders holding their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Holders. References to "interest" refer to interest as that term is understood for UK tax purposes. The UK tax treatment of prospective Holders depends on their individual circumstances and may be subject to change in the future.

Interest on the Notes

Interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of UK income tax provided that the Notes are 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 of the FCA and are admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable by the Issuer without withholding or deduction for or on account of UK income tax.

If the Notes cease to be listed, interest which has a UK source will generally be paid by the Issuer under deduction of income tax at the basic rate (currently 20 per cent.) unless: (i) another relief applies under domestic law; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of UK income tax (e.g. if the Notes lost their listing), Holders who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

GENERAL INFORMATION

Authorisation

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes of each Series. The issue of the Notes of each Series was authorised by a resolution of the Board of Directors of the Issuer passed on 6 November 2023.

Listing

Application has been made to the FCA for the Notes of each Series to be admitted to the Official List and to the London Stock Exchange for such Notes of each Series to be admitted to trading on the Market.

The Issuer expects the total expenses in relation to the admission to trading to be approximately £7,500.

Indication of Yield

The coupon of the New 2029 MREL Notes for the period from (and including) the Issue Date to (but excluding) the MREL Notes Reset Date, is 12 per cent. per annum, payable semi-annually. The coupon is calculated as at the Issue Date and is not an indication of future yield.

The coupon of the New 2034 Tier 2 Notes for the period from (and including) the Issue Date to (but excluding) the Tier 2 Notes Reset Date, is 14 per cent. per annum, payable semi-annually. The coupon is not an indication of future yield.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. In respect of the New 2029 MREL Notes, the Regulation S Notes ISIN and Common Code is XS2720120596 and 272012059, respectively, and the Rule 144A Notes ISIN and Common Code is XS2720120679 and 272012067, respectively. In respect of the New 2034 Tier 2 Notes, the Regulation S Notes ISIN and Common Code is XS2720121131 and 272012113, respectively, and the Rule 144A Notes ISIN and Common Code is XS2720120919 and 272012091, respectively.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

LEI

The Legal Entity Identifier (LEI) code of the Issuer is 984500CDDEAD6C2EDQ64.

Litigation and Arbitration Proceedings

Save as disclosed in paragraph 27 of the section of the Equity Prospectus headed “Part X – Additional Information”, as incorporated by reference into and thereby forming a part of this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) during the previous 12 months which may have, or have had in the recent past, significant effects on the Company’s or the Group’s financial position or profitability.

No significant/material adverse change

Save as disclosed in paragraph 9 of the Chair's Letter, as incorporated by reference into and thereby forming a part of this Prospectus, where the Group noted an increase in deposit outflow rates in advance of the announcement of the Transactions:

- (i) there has been no significant change in the financial performance or financial position of the Group since 30 June 2023, the date of the Group's latest unaudited consolidated financial information;
- (ii) there has been no material adverse change in the prospects of the Issuer since 29 September 2022, the date of incorporation of the Issuer; and
- (iii) there has been no material adverse change in the prospects of Metro Bank since 31 December 2022, the date to which Metro Bank's latest audited consolidated financial information was published.

Additional Information

Paragraphs 2 (save for subparagraph 2.4), 15-20 (inclusive) and 23-28 (inclusive) of the section headed "*Part X – Additional Information*" as incorporated by reference into and thereby forming a part of this Prospectus, sets out additional information with respect to the Company and the Group. See section headed "*Documents Incorporated by Reference*" for further information.

Third Party Information

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

Independent Auditors

The independent auditor of the Group from December 2010 is PricewaterhouseCoopers LLP, chartered accountants, whose address is at 7 More London Riverside, London SE1 2RT, United Kingdom.

The financial statements of Metro Bank as of and for each of the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 incorporated by reference in this Prospectus have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports appearing therein.

With respect to the unaudited financial information of the Metro Bank Holdings plc for the six-month period ended 30 June 2023, incorporated by reference in this document, PricewaterhouseCoopers LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated 31 July 2023 incorporated by reference herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

PricewaterhouseCoopers LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales and is the auditor appointed by the Issuer and Metro Bank for the purposes of auditing their future financial statements.

Documents available

For so long as the Notes of each Series are listed on the Market, electronic copies of the following documents may be obtained (without charge) from the Issuer's website (<https://www.metrobankonline.co.uk>):

- the constitutional documents of the Issuer;
- the Information Incorporated by Reference; and
- this Prospectus.

For so long as the Notes of each Series remain outstanding, a copy of this Prospectus may be obtained (without charge) from the Issuer's website at <https://www.metrobankonline.co.uk/>.

For so long as the Notes of each Series remain outstanding, copies of the Trust Deeds and the Agency Agreements will be available as set out in the Conditions of the relevant Notes.

DEFINITIONS

Definitions

Capitalised terms which are used in this Prospectus but which are not defined herein, shall have the same meaning given to such terms in the Equity Prospectus. Such capitalised terms and their corresponding definitions under the section headed “*Part XII – Definitions*” of the Equity Prospectus, as incorporated by reference into and thereby form a part of this Prospectus. See section headed “Documents Incorporated by Reference” for further information.

The following definitions apply throughout this Prospectus unless the context requires otherwise:

2020 Annual Report and Accounts	the annual report and accounts prepared by Metro Bank for the financial year ended 31 December 2020
2021 Annual Report and Accounts	the annual report and accounts prepared by Metro Bank for the financial year ended 31 December 2021
2022 Annual Report and Accounts	the annual report and accounts prepared by Metro Bank for the financial year ended 31 December 2022
2023 Interim Report	the interim report prepared by the Company for the half year ended 30 June 2023
2023 Interim Financial Statements	the unaudited condensed consolidated interim financial statements of the Group as at and for the six months ended 30 June 2023 (which includes unaudited comparative financial information as at 30 June 2022 and for each of the six months ended 31 December 2022 and 30 June 2022)
Accrued Interest Amount	means, in respect of: <ul style="list-style-type: none">(a) the Existing Tier 2 Notes, an amount in cash equal to the interest accrued and unpaid on such Note in accordance with Condition 5 of the terms and conditions of the Existing Tier 2 Notes, from and including the immediately preceding Interest Payment Date up to (but excluding) the Settlement Date (rounded to the nearest £0.01 with half a penny being rounded upward); and(b) the Existing MREL Notes, an amount in cash equal to the interest accrued and unpaid on such Note in accordance with Condition 5 of the terms and conditions of the Existing Tier 2 Notes, from and including the immediately preceding Interest Payment Date up to (but excluding) the Settlement Date (rounded to the nearest £0.01 with half a penny being rounded upward).
Alternative Clearing System	any clearing system other than Euroclear and Clearstream, Luxembourg
Banking Act	the Banking Act 2009
Beneficial Owner	the actual purchaser of each Note
Board	the board of directors of Metro Bank Holdings PLC

Capital Raisings	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the term has the meaning as defined in that section
Cash New 2029 MREL Notes	175,000,000 in aggregate principal amount of 12 per cent. Fixed Rate Reset Callable Notes due 2029 to be issued for subscription in cash
City Code	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the UK City Code on Takeovers and Mergers
Clearing Systems	Euroclear and Clearstream, Luxembourg
Clearstream, Luxembourg	Clearstream Banking SA
Conditions	the New 2029 MREL Notes Conditions and New 2034 Tier 2 Notes Conditions, as applicable
Debt Commitment Letters	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the letters provided to the Company by certain existing noteholders committing to subscribe for £175,000,000 in aggregate principal amount of Cash New MREL Notes at par to be issued for subscription in cash, subject to the other elements of the Transactions being successfully implemented
Direct Participants	holders who hold their interests in the Global Certificates directly through Euroclear or Clearstream, Luxembourg
Directors	the directors of the Company
Disclosure Guidance and Transparency Rules	the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority
Equity Commitment Letters	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the letters provided to the Company by certain Shareholders and other investors committing to (i) participate in the Firm Placing; and (ii) vote in favour of the Shareholder Resolutions, in each case subject to certain conditions
Firm Placee	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, any person who has agreed to subscribe for New Shares pursuant to the Firm Placing
Firm Placing	For the purposes of the section headed “ <i>Description of the Transactions</i> ” only, has the meaning given to the term as defined in that section
Equity Prospectus	the equity prospectus of the Issuer dated 9 November 2023
EU	the European Union
EUWA	European Union (Withdrawal) Act 2018
EU CRA Regulation	Regulation (EC) No 1060/2009
Euroclear	Euroclear Bank SA/NV
Exchange Act	United States Exchange Act (1934), as amended

Exchanged Global Certificate	a Global Certificate that has become exchangeable for definitive Certificates
Existing MREL Notes	the Company's £350,000,000 Fixed Rate Reset Senior Non-Preferred Notes due 8 October 2025 (ISIN: XS2063492396)
Existing Tier 2 Notes	Metro Bank's £250,000,000 Fixed Rate Reset Callable Subordinated Notes due 26 June 2028 (ISIN: XS1844097987)
Financial Conduct Authority or FCA	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the FSMA
Fitch	Fitch Ratings Ltd
Fitch Ireland	Fitch Ratings Ireland Limited
FSCS	the Financial Services Compensation Scheme
FSMA	the Financial Services and Markets Act 2000, as amended
General Meeting	for the purposes of the section headed " <i>Description of the Transactions</i> " only, the general meeting of the Company for the purposes of seeking approval to, <i>inter alia</i> , undertake the Firm Placing
Global Certificates	the Restricted Global Certificates and the Unrestricted Global Certificates
Group	the Company and its subsidiary undertakings and, where the context requires, its associated undertakings
Independent Shareholders	for the purposes of the section headed " <i>Description of the Transactions</i> " only, all holders of ordinary shares in the capital of the Company with the exception of the members of the concert party whose members are listed in the subsection headed " <i>Rule 9 Waiver</i> " in the Chair's Letter.
Indirect Participants	holders who hold their interests in the Global Certificates indirectly through Euroclear or Clearstream, Luxembourg through organisations which are accountholders therein
Information Incorporated by Reference	the information set out in the section headed " <i>Information Incorporated by Reference</i> "
Insurance Distribution Directive	Directive (EU) 2016/97
Investor's Currency	investor's financial activities denominated principally in a currency or currency unit
ISIN	International Securities Identification Number
Issue Date	The Settlement Date, which is currently expected to be 30 November 2023
Issuer or Company	Metro Bank Holdings PLC
London Stock Exchange	London Stock Exchange plc
MDA restrictions	has the meaning given to the term in the Equity Prospectus
Metro Bank	Metro Bank PLC
MiFID II	Directive 2014/65/EU, as amended
MREL	the minimum requirement for own funds and eligible liabilities

New 2029 MREL Notes	£525,000,000 12 per cent. Fixed Rate Reset Callable Notes due 2029
New 2034 Tier 2 Notes	£150,000,000 14 per cent. Fixed Rate Reset Callable Notes due 2034
New Shares	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the 500,000,000 new shares to be allotted and issued by the Company pursuant to the Firm Placing
New Tier 2 Notes Issuance	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, has the meaning given to the term as defined in that section
Non-Cash New 2029 MREL Notes	£350,000,000 in aggregate principal amount of 12 per cent. Fixed Rate Reset Callable Notes due 2029 to be issued in exchange for Existing MREL Notes
Non-Cash New MREL Notes Issuance	for the purposes of the section headed “ <i>Description of the Transactions</i> ”, has the meaning given to the term as defined in that section
Notes	the New 2029 MREL Notes and the New 2034 Tier 2 Notes
Official List	the Official List of the FCA
Participants	Direct Participants and Indirect Participants
PRA	the UK Prudential Regulation Authority
PRIIPs Regulation	Regulation (EU) No 1286/2014
Prospectus or this document	this prospectus issued by the Company in respect of the issue of the Notes, together with any supplements or amendments thereto
Prospectus Regulation Rules	means the Prospectus Regulation Rules made by the FCA, as from time to time amended and includes, where appropriate, relevant provisions of the UK Prospectus Regulation as referred to or incorporated within the Prospectus Regulation Rules
Protected Liabilities	certain claims (including in respect of deposits and insurance policies) protected under the FSCS established under the FSMA
QIBs	“qualified institutional buyers” within the meaning of Rule 144A
Registrar	Citibank Europe plc
Regulation S	Regulation S under the Securities Act
Regulation S Notes	Notes of each Series being offered and sold outside the United States in reliance on Regulation S
relevant entity	a UK bank or building society
Reset Date	30 April 2028 in respect of the New 2029 MREL Notes 30 April 2029 in respect of the New 2034 Tier 2 Notes
Restricted Definitive Certificate	a definitive Certificate representing Rule 144A Notes
Restricted Global Certificate	a Global Certificate representing Rule 144A Notes
Rule 9 Waiver	the waiver granted by the Panel on Takeovers and Mergers (subject to the passing of the Rule 9 Waiver Resolution by the Independent Shareholders) in respect of the obligation on the

	members of the concert party (as set out in the Chair’s Letter) to make a mandatory offer for the entire issued share capital of the Company not already held by Spaldy Investments which might otherwise be imposed on Spaldy Investments under Rule 9 of the City Code as a result of the Firm Placing, as more particularly described in paragraph 5 of the Chair’s Letter which is incorporated by reference into and thereby forms a part of this Prospectus. See section headed “ <i>Documents Incorporated by Reference</i> ” for further information
Rule 9 Waiver Resolution	for the purposes of the section titled “ <i>Description of the Transactions</i> ” only, the ordinary resolution of the Independent Shareholders to be taken on a poll concerning the Rule 9 Waiver to be proposed at the General Meeting
Rule 144A	Rule 144A under the Securities Act
Rule 144A Notes	Notes of each Series being offered and sold within the United States to QIBs in reliance on Rule 144A
RWE	Ratings Watch Evolving
Securities Act	the US Securities Act of 1933, as amended
Settlement Date	means the date specified as such by the Issuer in the Settlement Notice
Settlement Notice	a notice given by, or on behalf of, the Issuer via the Regulatory News Service operated by the London Stock Exchange plc confirming satisfaction of the Effectiveness Conditions
Shareholders	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, holders of ordinary shares in the capital of the Company
Shareholder Resolutions	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the shareholder resolutions to be proposed at the General Meeting of the Company in connection with the Firm Placing
Spaldy Investments	Spaldy Investments Limited
Support Agreement	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, the support agreement entered into between the Company, Metro Bank and certain holders of Existing MREL Notes and Existing Tier 2 Notes on 8 October 2023
SRR	the special resolution regime
Transactions	for the purposes of the section headed “ <i>Description of the Transactions</i> ” only, has the meaning given to the term as defined in that section
UK or United Kingdom	the United Kingdom of Great Britain and Northern Ireland
UK CRA Regulation	Regulation (EC) No 1060/2009 as it forms part of domestic law in the United Kingdom by virtue of the EUWA

UK MiFIR	Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law in the United Kingdom by virtue of the EUWA
UK PRIIPs Regulation	EU PRIIPs Regulation as it forms part of domestic law in the United Kingdom by virtue of the EUWA
UK Prospectus Regulation	Regulation (EU) 2017/1129 as it forms part of domestic law in the United Kingdom by virtue of the EUWA
United States or US or U.S.	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
Unrestricted Global Certificate	a Global Certificate representing Regulation S Notes

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