

CONFORMED COPY

AGENCY AGREEMENT

DATED 6 DECEMBER 2024

NEWCASTLE BUILDING SOCIETY

(as issuer)

and

CITIBANK, N.A., LONDON BRANCH

(as registrar, transfer agent and principal paying agent)

relating to

£40,000,000

Perpetual Contingent Convertible Additional Tier 1 Capital Securities

(ISIN: XS2925943305)

A&O SHEARMAN

Allen Overy Shearman Sterling LLP

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THIS AGREEMENT is dated 6 December 2024 and made

BETWEEN:

- (1) **NEWCASTLE BUILDING SOCIETY** (the "**Society**") having its principal office at 1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom; and
- (2) **CITIBANK, N.A., LONDON BRANCH**, having in the United Kingdom a principal branch office at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom, as registrar and transfer agent (in such capacities, the "**Registrar**", which term shall include any successor, replacement or other registrar and transfer agent appointed under this Agreement from time to time) and as principal paying agent (in such capacity, the "**Principal Paying Agent**", which term shall include any successor, replacement or other principal paying agent appointed under this Agreement from time to time).

WHEREAS:

- (A) The Society has agreed to issue £40,000,000 Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Perpetual Capital Securities**" which expression shall include, unless the context otherwise requires, any Further Perpetual Capital Securities issued pursuant to Condition 16(a)).
- (B) The Perpetual Capital Securities will be issued in registered form, in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof and will initially be represented by a global certificate (the "**Global Certificate**") in or substantially in the form set out in Schedule 1, which will be exchanged, in the limited circumstances described in the Global Certificate, for Perpetual Capital Securities in definitive form represented by definitive Certificates in or substantially in the form set out in Part 1 of Schedule 2. The conditions of issue of the Perpetual Capital Securities (the "**Conditions**") will be in or substantially in the form set out in Part 2 of Schedule 2.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

Words and expressions defined in the Conditions and not otherwise defined in this Agreement shall have the same meanings when used in this Agreement.

2. DEFINITIONS

2.1 As used in this Agreement:

"**Agents**" means the Registrar and the Principal Paying Agent from time to time;

"**Applicable Law**" means any law or regulation;

"**Authority**" means any competent regulatory, prosecuting, Tax or governmental authority in any jurisdiction;

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

"**Clearing Systems**" means Clearstream, Luxembourg, Euroclear and/or any replacement, successor or other clearing system in which the Perpetual Capital Securities are for the time being cleared with the consent of the Society;

"**Clearstream, Luxembourg**" means Clearstream Banking S.A.;

"**Code**" means the US Internal Revenue Code of 1986, as amended;

"**Euroclear**" means Euroclear Bank SA/NV;

"**FATCA Withholding**" means any withholding or deduction imposed or required pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (or any law implementing such an intergovernmental agreement);

"**FFI**" means a "foreign financial institution" as such term is defined in FATCA;

"**Nominee**" means Citivic Nominees Limited, incorporated under the laws of England and Wales with company number 01807082 whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom, as nominee registered holder of the legal title to the Perpetual Capital Securities upon issue (and any successor or replacement nominee from time to time);

"**outstanding**" means, in relation to the Perpetual Capital Securities, all the Perpetual Capital Securities issued other than:

- (a) those Perpetual Capital Securities which have been repaid pursuant to Condition 7;
- (b) those Perpetual Capital Securities which have been purchased and cancelled pursuant to Condition 7;
- (c) those Perpetual Capital Securities which have been substituted pursuant to Condition 7;
- (d) those Perpetual Capital Securities which have been cancelled following Conversion to CCDS in accordance with Condition 8; and
- (e) those Perpetual Capital Securities in respect of which claims in respect of principal have become prescribed under Condition 11 to the extent of such prescription,

provided that for each of the following purposes, namely:

- (i) attending (which shall include attendance via a conference call or videoconference platform) and voting at any meeting of the Securityholders, passing any resolution in writing or by way of electronic consents given through the relevant Clearing Systems as envisaged by Schedule 3; and

- (ii) determining how many Perpetual Capital Securities are for the time being outstanding for the purposes of Condition 15 and paragraphs 2, 4, 8, 9, 16, 20 and 21 of Schedule 3,

those Perpetual Capital Securities (if any) which are for the time being held by any person (including, but not limited to, the Society or any of its subsidiaries) for the benefit of the Society or any of its subsidiaries shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Participating FFI" means a "participating foreign financial institution", a "deemed-compliant FFI" or an FFI that is otherwise exempt from the requirements of FATCA, as such terms are used in FATCA;

"specified office" of any Agent means the relevant office specified in clause 28 or any other specified offices as may from time to time be duly notified pursuant to clause 28; and

"Tax" means any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Authority having power to tax.

2.2 (a) In this Agreement, unless the contrary intention appears, a reference to:

- (i) an **"amendment"** includes a supplement, restatement or novation and **"amended"** is to be construed accordingly;
 - (ii) a **"person"** includes any individual, company, unincorporated association, government, state agency, international organisation or other entity and, in all cases, includes its successors and assigns;
 - (iii) the **"records"** of each Clearing System shall be the records that each Clearing System holds for its customers which reflect the amount of such customer's interest in the Perpetual Capital Securities;
 - (iv) a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted;
 - (v) any costs, charges, remuneration or expenses include any value added, turnover or similar tax properly charged or chargeable in respect thereof;
 - (vi) a clause or schedule is a reference to a clause of, or a Schedule to, this Agreement;
 - (vii) a document is a reference to that document as amended from time to time; and
 - (viii) a time of day is a reference to London time;
- (b) the headings in this Agreement do not affect its interpretation; and
- (c) all references in this Agreement to Perpetual Capital Securities shall, unless the context otherwise requires, include any Global Certificate representing the Perpetual Capital Securities.

3. APPOINTMENT OF AGENTS

- 3.1 The Society appoints, on the terms and subject to the conditions of this Agreement, Citibank, N.A., London Branch, acting at its specified office, as its registrar, transfer agent and principal paying agent in respect of the Perpetual Capital Securities.
- 3.2 Each of the Registrar and the Principal Paying Agent hereby accepts such appointment and agrees to comply with the provisions of this Agreement and to perform the duties expressly required of it under this Agreement and the Conditions and such other acts as may be reasonably requested by the Society and which are necessary to give effect to the Conditions and the other provisions of this Agreement.
- 3.3 The Principal Paying Agent undertakes to inform the Society immediately if (i) it ceases to be exempt from FATCA Withholding or (ii) if it is an FFI, it does not become, or ceases to remain, a Participating FFI.
- 3.4 The obligations of the Agents under this Agreement are several and not joint.

4. ISSUE, AUTHENTICATION AND DELIVERY OF PERPETUAL CAPITAL SECURITIES

- 4.1 Immediately before the initial issue of the Perpetual Capital Securities, the Society shall deliver to the Registrar a duly executed Global Certificate representing the Perpetual Capital Securities. If the Global Certificate is to be exchanged in accordance with its terms for definitive Certificates, the Society undertakes that it will deliver to, or to the order of, the Registrar, as soon as reasonably practicable and in any event not later than 15 days before the relevant exchange is due to take place, one or more Certificates representing, in aggregate, the total nominal amount of Perpetual Capital Securities represented by the Global Certificate. Each Certificate so delivered shall be duly executed on behalf of the Society.
- 4.2 The Society authorises and instructs the Registrar to authenticate the Global Certificate and each definitive Certificate delivered in exchange therefor.
- 4.3 The Society authorises and instructs the Registrar to cause interests in the Global Certificate to be exchanged for definitive Certificates in accordance with its terms. Following exchange of all interests in the Global Certificate for definitive Certificates, the Registrar shall promptly cause the Global Certificate to be destroyed and shall confirm destruction to the Society in writing.
- 4.4 The Registrar shall cause the Global Certificate and all Certificates delivered to and held by it under this Agreement to be maintained in safe custody and shall ensure that the definitive Certificates are issued only in accordance with the terms of the Global Certificate and this Agreement.
- 4.5 So long as any of the Perpetual Capital Securities are outstanding, the Registrar shall, within seven days of any request by the Society, certify to the Society the nominal amount of definitive Certificates held by it under this Agreement and the aggregate nominal amount of Perpetual Capital Securities represented thereby.

5. DETERMINATION OF RESET INTEREST RATE

- 5.1 The Principal Paying Agent agrees to comply with the provisions of the Conditions with respect to the calculation of each Reset Interest Rate. The Principal Paying Agent shall, as soon as practicable after

11.00 a.m. (London time) on each Reset Determination Date in relation to a Reset Period, determine, in accordance with the Conditions, the Reset Interest Rate for such Reset Period.

- 5.2 The Principal Paying Agent shall maintain records of each Benchmark Gilt Reset Reference Rate that is determined in accordance with the Conditions, and shall make such records available for inspection at all reasonable times by the Society.
- 5.3 The Principal Paying Agent shall promptly notify each of the Society and the other Agents (i) of each Reset Interest Rate and the corresponding amount of interest which, subject to Conditions 4.4, 6 and 8, will be payable per Calculation Amount as soon as reasonably practicable upon their being determined; and (ii) if it does not for any reason at any relevant time determine the Reset Interest Rate or calculate the corresponding amount of interest payable. The Principal Paying Agent will, as soon as reasonably practicable after each relevant Reset Determination Date and in any event no later than the relevant Reset Date, give notice to the Securityholders of the foregoing in accordance with Condition 17.
- 5.4 If the Perpetual Capital Securities are listed on the International Securities Market of the London Stock Exchange plc and the rules of such exchange so require, the Principal Paying Agent will notify the London Stock Exchange plc of each Reset Interest Rate and the corresponding amount of interest as soon as possible after their determination.
- 5.5 The determination of each relevant Reset Interest Rate by the Principal Paying Agent in accordance with the Conditions shall (in the absence of manifest or proven error) be binding on the Society, the Principal Paying Agent, the Registrar and the Securityholders and (in the absence of wilful default or gross negligence) no liability to the Society or the Securityholders shall attach to the Principal Paying Agent in connection with the determination of any Reset Interest Rate in accordance with the Conditions.

6. PAYMENT TO THE PRINCIPAL PAYING AGENT

- 6.1 The Society shall, on each date on which payment of any interest payment in respect of the Perpetual Capital Securities is due under the Conditions, transfer to an account specified by the Principal Paying Agent such amount of pounds sterling as shall be sufficient for the purposes of the payment of such interest payment in immediately available funds.
- 6.2 If the Society elects to cancel, in whole or in part, any interest payment which is scheduled to be paid on any date in accordance with Condition 6.1, it shall give notice of such election to the Principal Paying Agent no later than the fifth Business Day prior to the relevant scheduled payment date or (if the election is made after such date) as soon as practicable thereafter. However, any delay in providing or failure to provide such notice will not invalidate the relevant cancellation of interest. The Principal Paying Agent will, at the expense of the Society, as soon as reasonably practicable upon receipt of such notice, cause notice thereof to be published in accordance with Condition 17.
- 6.3 Upon the Society being required to cancel, in whole or in part, any interest payment under Condition 4.4 or Condition 6.2, the Society shall give notice of such cancellation and the reason therefor to the Principal Paying Agent (i) if practicable, no later than the fifth Business Day prior to the relevant scheduled payment date or, if this is later (ii) immediately upon it becoming aware that it is required to cancel (in whole or in part) such interest payment. However, any delay in providing or failure to provide such notice will not invalidate the relevant cancellation of interest. The Principal Paying Agent will, at the expense of the

Society, as soon as reasonably practicable upon receipt of such notice, cause notice thereof to be published in accordance with Condition 17.

- 6.4 If the Society shall at any time elect, pursuant to Condition 7, to repay all of the Perpetual Capital Securities then outstanding, the Society shall, on the relevant date scheduled for repayment, transfer to an account specified by the Principal Paying Agent such amount of pounds sterling as shall be sufficient for the purposes of the payment of the nominal amount of all of the Perpetual Capital Securities then outstanding together with accrued and unpaid interest thereon (excluding interest which has been cancelled in accordance with the Conditions) in immediately available funds.
- 6.5 The Society shall confirm to the Principal Payment Agent by email communication, by no later than 3.00 p.m. (London time) on the second Business Day immediately preceding the date on which any payment is to be made to the Principal Payment Agent pursuant to subclause 6.1 or subclause 6.4, that such payment will be made. The Principal Payment Agent shall not be bound to make payments until it is satisfied that full payment has been received from the Society in cleared funds.
- 6.6 The Principal Paying Agent shall notify the Society as soon as reasonably practicable (a) if it has not on the date on which any payment in respect of the Perpetual Capital Securities becomes due received unconditionally the full amount in pounds sterling required for such payment; and (b) if it receives unconditionally the full amount of any sum due in respect of the Perpetual Capital Securities after the due date for payment. The Principal Paying Agent will, at the expense of the Society, as soon as reasonably practicable upon receipt of any amount as described in (b) above, cause notice thereof to be published in accordance with Condition 17.

7. DUTIES OF THE PRINCIPAL PAYING AGENT

- 7.1 Subject to the payments to the Principal Paying Agent provided for by clause 6 being duly made, the Principal Paying Agent shall act as paying agent of the Society in respect of the Perpetual Capital Securities and pay or cause to be paid on behalf of the Society, on and after each date on which any payment becomes due and payable, the amount of any interest and principal payable in respect of each Perpetual Capital Security under the Conditions and the provisions of this Agreement. If any payment provided for by clause 6 is made late but otherwise under the terms of this Agreement the Principal Paying Agent shall nevertheless act as paying agent following receipt by it of payment.
- 7.2 If default is made by the Society in respect of any payment, unless and until the full amount of the payment has been made under the terms of this Agreement (except as to the time of making the same) or other arrangements satisfactory to the Principal Paying Agent have been made, the Principal Paying Agent shall not be bound to act as paying agent.
- 7.3 Without prejudice to subclauses 7.1 and 7.2, but subject as provided in subclause 7.5, if the Principal Paying Agent pays any amounts to any Securityholder at a time when it has not received payment in full in accordance with subclause 6.1 or, as the case may be, subclause 6.4 (the excess of the amounts so paid over the amounts so received being the "**Shortfall**"), the Society will, in addition to paying amounts due under subclause 6.1 or 6.4 above, pay to the Principal Paying Agent on demand interest (at a rate which represents the Principal Paying Agent's cost of funding the Shortfall) on the Shortfall (or the unreimbursed portion thereof) until the receipt in full by the Principal Paying Agent of the Shortfall.

7.4 Whilst the Perpetual Capital Securities are represented by the Global Certificate, all payments due in respect of the Perpetual Capital Securities shall be made to, or to the order of, the registered holder of the Global Certificate, subject to and in accordance with the provisions of the Global Certificate.

7.5 If, at any time after the Society has paid to the Principal Paying Agent under this Agreement any amounts to be paid to Securityholders by way of interest, principal or other amounts in respect of the Perpetual Capital Securities, the Society subsequently, on or before the due date for payment thereof to Securityholders, elects or is required to cancel payment of such amount or any part thereof under the Conditions, it will notify the Principal Paying Agent thereof as soon as possible. Upon receipt of such notice, the Principal Paying Agent shall use all reasonable endeavours to ensure that the amounts so cancelled by the Society are not paid to the Securityholders and are instead returned to the Society as soon as reasonably practicable. Furthermore, the Principal Paying Agent will not pay any amount of interest, principal or other amounts in respect of the Perpetual Capital Securities to any Securityholder if it has not received such amounts from the Society and the Society has notified the Principal Paying Agent that such amounts are not payable by virtue of the Society having elected, or being required, to cancel the payment of such amounts. If the Principal Paying Agent pays any amount of interest, principal or other amounts in respect of the Perpetual Capital Securities in circumstances where it has been notified by the Society that such amounts have been cancelled and are not to be paid, then the Principal Paying Agent shall:

- (a) (if such amounts were paid by the Principal Paying Agent out of funds received from the Society pursuant to subclause 6.1 or 6.4 above) promptly reimburse the Society for such amounts; or
- (b) (if, notwithstanding the foregoing provisions of this subclause 7.5, such amounts were paid by the Principal Paying Agent without having received funds from the Society) not be entitled to receive such funds from the Society nor to any reimbursement of any Shortfall in respect of such payment, or to any interest thereon, pursuant to subclause 7.3,

provided that the Principal Paying Agent shall not be required to reimburse the Society under subclause 7.5(a) above or, as the case may be, the Principal Paying Agent will be entitled to receive the relevant funds from the Society and (without duplication) to reimbursement of the Shortfall and any interest thereon under subclause 7.3 notwithstanding subclause 7.5(b) above, in circumstances where, notwithstanding the use of all reasonable endeavours, the Principal Paying Agent is unable to cancel or prevent payment of the relevant amounts to the Securityholders.

7.6 If, on surrender of a Certificate, only part of the amount payable in respect of it is paid (except as a result of a deduction of Tax permitted by the Conditions), the Agent to whom it is surrendered shall procure that it is enfaced with a memorandum of the amount paid and the date of payment and shall return it to the person who surrendered it. Upon making payment of only part of the amount payable in respect of any Perpetual Capital Security, the Registrar shall make a note of the details of such payment in the Register.

7.7 Notwithstanding any other provision of this Agreement, each Agent shall be entitled to make a withholding or deduction from any payment which it makes under the Perpetual Capital Securities for or on account of any Tax, if and only to the extent so required by Applicable Law, in which event such Agent shall make such payment after such withholding or deduction has been made and shall account to the relevant Authority within the time allowed for the amount so withheld or deducted or, at its option, shall reasonably promptly after making such payment, return to the Society the amount so withheld or deducted, in which case, the Society shall so account to the relevant Authority for such amount. For the avoidance

of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 7.7.

- 7.8 If the Society determines in its sole discretion that any withholding or deduction for or on account of any Tax will be required by Applicable Law in connection with any payment due to any Agent on any Perpetual Capital Security, then the Society will be entitled to re-direct or reorganise any such payment in any way that it sees fit in order that the payment may be made without such withholding or deduction provided that any such re-directed or reorganised payment is made through a recognised institution of international standing and such payment is otherwise made in accordance with this Agreement. The Society will promptly notify the Agents of any such re-direction or reorganisation. For the avoidance of doubt, FATCA Withholding is a withholding or deduction which is deemed to be required by Applicable Law for the purposes of this subclause 7.8.
- 7.9 The Society shall notify each Agent in the event that it determines that any payment to be made by any Agent under any Perpetual Capital Securities is a payment which could be subject to FATCA Withholding if such payment were made to a recipient that is generally unable to receive payments free from FATCA Withholding, and the extent to which the relevant payment is so treated, provided, however, that the Society's obligation under this subclause 7.9 shall apply only to the extent that such payments are so treated by virtue of characteristics of the Society, the Perpetual Capital Securities, or both.
- 7.10 Without prejudice to subclause 7.5 above, any monies received by the Principal Paying Agent pursuant to clause 6 which are not paid to Securityholders as a result of the relevant payment of interest, principal or other amount on the Perpetual Capital Securities being cancelled (as notified to the Principal Paying Agent by the Society) shall be returned by the Principal Paying Agent to the Society as soon as reasonably practicable, and in any event within two Business Days following a request by the Society.
- 7.11 The Principal Paying Agent shall (at the expense of and on behalf of the Society) submit such reports or information as may be required from time to time in relation to the issue and purchase of Perpetual Capital Securities by Applicable Law, regulations and guidelines promulgated by any governmental regulatory authority agreed between the Society and the Principal Paying Agent.

8. REPAYMENT, SUBSTITUTION AND VARIATION OF PERPETUAL CAPITAL SECURITIES

- 8.1 If the Society elects to repay all of the Perpetual Capital Securities then outstanding under Condition 7.2, 7.3 or 7.4 or, as the case may be, substitute or vary the terms of the Perpetual Capital Securities under Condition 7.5, it shall, at least 14 days before the latest date for the publication of the notice of repayment, substitution or variation (as applicable) required to be given to Securityholders, give notice of its election in writing to the Principal Paying Agent and the Registrar stating the date on which the Perpetual Capital Securities are to be repaid or, as the case may be, substituted or varied.
- 8.2 The Principal Paying Agent shall cause the relevant notice of repayment, substitution or variation (as applicable) required to be given to Securityholders to be published on behalf of and at the expense of the Society in accordance with Condition 17. Such notice shall state the date on which the Perpetual Capital Securities are to be repaid, substituted or varied (as applicable).
- 8.3 If the Society has elected to:

- (a) repay the Perpetual Capital Securities but the Solvency Test is not (or, upon repayment, would not be) satisfied in respect of the relevant payment on the date scheduled for repayment, the Society shall promptly notify the Principal Paying Agent of such fact, and the relevant repayment notice shall be automatically rescinded and shall be of no force and effect; or
- (b) repay, substitute or vary the terms of the Perpetual Capital Securities but, prior to the repayment of the nominal amount, the substitution of the Perpetual Capital Securities or the variation of the terms of the Perpetual Capital Securities, as the case may be, a Conversion Trigger occurs, the relevant notice shall be automatically rescinded and shall be of no force and effect and a Conversion shall occur in respect of the Perpetual Capital Securities.

In either such case, the Principal Paying Agent shall, upon the request and at the expense of the Society, cause notice of the cancellation of such repayment, substitution or variation (as applicable) to be published in accordance with Condition 17.

- 8.4 If the Society elects to substitute or vary the terms of the Perpetual Capital Securities under Condition 7.5, the Principal Paying Agent shall use its reasonable endeavours to assist the Society in such substitution or variation of the Perpetual Capital Securities; *provided that* the Principal Paying Agent shall not be obliged to assist with such substitution or variation if the terms of the proposed Compliant Securities, or its participation in or assistance with such substitution or variation would, in the Principal Paying Agent's reasonable opinion, have the effect of (i) exposing the Principal Paying Agent to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) materially changing, increasing or adding to the obligations or duties of the Principal Paying Agent or (iii) removing or materially reducing any protection, power, right or indemnity afforded to the Principal Paying Agent under this Agreement.
- 8.5 The Society shall not be entitled to give notice of any redemption, substitution or variation under Condition 7 following the occurrence of a Conversion Trigger.

9. CONVERSION OF THE PERPETUAL CAPITAL SECURITIES

- 9.1 Following any determination by the Society, the Regulator or any agent appointed for such purpose by the Regulator that a Conversion Trigger has occurred:
 - (a) the Society shall promptly and in any event not less than ten Business Days prior to any Conversion Date (provided that any delay in giving or failure to give such notice shall not constitute a breach of this Agreement or constitute a default under the Perpetual Capital Securities or for any other purpose or affect the Conversion of the Perpetual Capital Securities on the Conversion Date) notify the Principal Paying Agent in accordance with clause 28 of (i) the occurrence of the Conversion Trigger, (ii) the Conversion Date and (iii) the procedures the Securityholders will need to follow (if any) to receive CCDS pursuant to Condition 8.1(c) (including whether or not the CCDS will be delivered into a clearing system and/or a settlement system (and, if so, which clearing system(s) and/or settlement system(s)) and, if applicable, what will happen to any CCDS until any payment due from Securityholders pursuant to Condition 8.9 has been made); and
 - (b) the Principal Paying Agent shall promptly (and in any event within 24 hours of receipt) confirm receipt of such notice to the Society in accordance with clause 28.

- 9.2 As soon as reasonably practicable after its receipt of any notification under clause 9.1, the Principal Paying Agent shall (i) notify the Clearing Systems of such notification (with the form of such notice to be provided by the Society) and (ii) liaise with the Society and the Clearing Systems to assist with the determination of the specific date (to fall no later than the Conversion Date) (such specific date, the "**Suspension Date**") after which the Clearing Systems will each suspend all clearance and settlement of transactions in the Perpetual Capital Securities.
- 9.3 As soon as reasonably practicable after receipt of a notification under clause 9.1 and the determination of the Suspension Date as described in clause 9.2, and in any event not less than five days prior to the Conversion Date (provided that any delay in giving or failure to give such notice shall not constitute a breach of this Agreement or constitute a default under the Perpetual Capital Securities or for any other purpose or affect the Conversion of the Perpetual Capital Securities on the Conversion Date), the Principal Paying Agent shall give a Conversion Notice to the Securityholders on behalf of and at the expense of the Society in accordance with Condition 17. Such Conversion Notice shall set out (i) that the Conversion Trigger has triggered, (ii) the Conversion Date, (iii) the prevailing Conversion Price, (iv) the procedures the Securityholders will need to follow (if any) to receive CCDS pursuant to Condition 8.1(c) (including whether or not the CCDS will be delivered into a clearing system and/or a settlement system (and, if so, which clearing system(s) and/or settlement system(s)) and, if applicable, what will happen to any CCDS until any payment due from Securityholders pursuant to Condition 8.9 has been made) and (v) the Suspension Date. The Principal Paying Agent shall promptly provide each of the other Agents with a copy of the Conversion Notice.
- 9.4 The Society shall, not later than the giving of the relevant Conversion Notice, deliver to the Principal Paying Agent on behalf of the Securityholders a certificate signed by two appropriately authorised signatories of the Society confirming that the Conversion Trigger has occurred.
- 9.5 On the Conversion Date, but not before (and whether or not the CCDS to be issued to Securityholders under Condition 8.1(c) are so issued on the Conversion Date) the Registrar shall, on behalf of the Society: (i) remove the name(s) of the Securityholder(s) from the Perpetual Capital Securities Register (as defined below); (ii) write down the aggregate nominal amount of Perpetual Capital Securities represented by the Global Certificate to zero; and (iii) cancel and destroy, in accordance with clause 16, any Certificate(s) delivered to it.
- 9.6 For so long as the Perpetual Capital Securities are held on behalf of investors through their accounts with the relevant Clearing System, the Principal Paying Agent shall use all reasonable endeavours, acting on behalf of the Society, and in each case unless the Principal Paying Agent has been instructed by the Society in writing not to do so, to (i) effect the write-down of the Perpetual Capital Securities in the Clearing Systems and (ii) (if the CCDS to be issued upon Conversion are to be delivered in the Clearing Systems) arrange delivery in the Clearing Systems of the CCDS to be issued upon Conversion, including (without limitation):
- (a) liaising with the Clearing Systems, the registrar of the CCDS (the "**CCDS Registrar**") and the nominee holder of the CCDS (the "**CCDS Nominee**");
 - (b) procuring the cancellation of the Perpetual Capital Securities represented by the Global Certificate in the Clearing Systems;

- (c) procuring that the total aggregate number of CCDS to be issued upon Conversion is registered in the name of the CCDS Nominee in the register of CCDS Securityholders and that the CCDS Registrar annotates the schedule to the global CCDS certificate to reflect the increase in the aggregate number of CCDS represented by the CCDS due to the CCDS to be issued upon Conversion;
- (d) procuring that the total aggregate number of any CCDS then in issue represented by the global CCDS certificate in the Clearing Systems is increased to reflect the CCDS to be issued upon Conversion;
- (e) ensuring that the securities account of each Accountholder (as defined in the Global Certificate) in the relevant Clearing System is credited with the number of CCDS to be issued upon Conversion to which such Accountholder is entitled under the Conditions; and
- (f) such other acts as may be reasonably requested by the Society and which are necessary to give effect to Conversion in accordance with the Conditions and the other provisions of this Agreement.

9.7 If the CCDS to be issued on Conversion are to be issued in definitive form, the Principal Paying Agent shall use all reasonable endeavours, acting on behalf of the Society and at the Society's cost, to effect delivery of the CCDS to be issued on Conversion directly to the Securityholders. If the CCDS to be issued on Conversion are to be issued in definitive form, the Principal Paying Agent and the parties to this Agreement may review the fees agreed initially pursuant to subclause 19.1.

9.8 The Society shall, whenever there is an adjustment to the Conversion Price pursuant to Condition 8.5, as soon as practicable after the determination thereof by the Society or any Calculation Agent appointed by the Society for such purpose, advise the Principal Paying Agent of both the previous and the new Conversion Price (with a brief statement of the facts requiring such adjustment) and the date as from which the new Conversion Price has become or will become effective. Notice of any adjustments to the Conversion Price shall be given promptly thereafter by the Principal Paying Agent to Securityholders in accordance with Condition 17 and, if the Perpetual Capital Securities are admitted to trading on the International Securities Market of the London Stock Exchange plc and the rules of such exchange so require, the Principal Paying Agent will notify, or cause to be notified, to such exchange each adjustment to the Conversion Price.

9.9 Each of the Society and the Agents undertakes to comply with the Conditions with respect to Conversion of the Perpetual Capital Securities.

10. REIMBURSEMENT OF THE PRINCIPAL PAYING AGENT

The Principal Paying Agent shall charge the account referred to in clause 6 for all payments made by it under this Agreement, subject as otherwise provided in this Agreement and to any applicable laws or regulations.

11. DUTIES OF THE REGISTRAR

11.1 The Registrar shall, so long as any Perpetual Capital Security is outstanding:

- (a) maintain at its specified office a register (the "**Perpetual Capital Securities Register**") of the Securityholders which shall constitute a Deferred Shares Register for the purposes of the Society's Rules and shall show (i) the total nominal amount of Perpetual Capital Securities outstanding from time to time, (ii) the serial number of each Certificate and the total nominal amount of Perpetual Capital Securities represented thereby, (iii) the dates of issue of all Perpetual Capital Securities, (iv) all subsequent transfers and changes of ownership of Perpetual Capital Securities, (v) the names and addresses of the Securityholders for the time being and the nominal amount of the Perpetual Capital Securities held by each such Securityholder, (vi) all cancellations of Perpetual Capital Securities (whether following their Conversion, repayment, substitution or purchase and cancellation by the Society or any of its subsidiaries, their replacement or otherwise) and (vii) all replacements of Perpetual Capital Securities (subject, where appropriate, to the Registrar having been notified as provided in this Agreement);
- (b) register all transfers of Perpetual Capital Securities;
- (c) make all entries in the schedules to the Global Certificate as are provided for therein, including increases and decreases in the aggregate nominal amount of Perpetual Capital Securities represented by the Global Certificate due to issues, cancellations and exchanges of Perpetual Capital Securities;
- (d) receive any document in relation to or affecting the title to any of the Perpetual Capital Securities including all forms of transfer, forms of exchange, probates, letters of administration and powers of attorney;
- (e) maintain proper records of the details of all documents received by it;
- (f) prepare all such lists of Securityholders as may be required by the Society or the Principal Paying Agent or any person authorised by either of them;
- (g) subject to applicable laws and regulations at all reasonable times during office hours make the Perpetual Capital Securities Register available to the Society or any person authorised by it or the holder of any Perpetual Capital Securities for inspection and for the taking of copies or extracts;
- (h) notify the Principal Paying Agent upon its request not less than seven days before each due date for any interest payment of the names and addresses of all registered Securityholders at the close of business on the relevant Record Date and the amounts of their holdings in order to enable the Principal Paying Agent to make or arrange for due payment to the Securityholders of such interest payment payable in respect of the Perpetual Capital Securities;
- (i) comply with the proper and reasonable requests of the Society with respect to the maintenance of the Perpetual Capital Securities Register and give to the Principal Paying Agent such information as may be reasonably required by it for the proper performance of its duties; and
- (j) as soon as reasonably practicable, and in any event within five Business Days of the relevant request (or such longer period as may be required to comply with any applicable fiscal or other regulations), authenticate and issue, upon receipt by it of any Perpetual Capital Securities for transfer, duly dated and completed Certificates in the name of the registered Securityholders and

deliver the Certificates at its specified office or (at the risk of the relevant registered Securityholders) send the Certificates to such address as the relevant Securityholders may request.

- 11.2 The Society shall deliver to the Registrar for the performance of its duties under this Agreement from time to time, so long as any Perpetual Capital Security is outstanding, sufficient duly executed Certificates as may be required for the performance of the Registrar's duties.
- 11.3 Certificates shall be dated:
- (a) in the case of Certificates representing a new issue of Perpetual Capital Securities (including Further Perpetual Capital Securities issued pursuant to Condition 16(a)), the date on which the relevant Perpetual Capital Securities are issued;
 - (b) upon transfer of any Perpetual Capital Securities, with the date of registration in the Perpetual Capital Securities Register of the transfer;
 - (c) in the case of a Certificate issued to a transferor upon transfer of some but not all of the Perpetual Capital Securities represented by its Certificate, with the same date as the date of the Certificate representing those Perpetual Capital Securities which are transferred; and
 - (d) in the case of a Certificate issued pursuant to clause 13, with the same date as the date of the lost, stolen, mutilated, defaced or destroyed Certificate in replacement of which it is issued.
- 11.4 The Registrar, in its capacity as transfer agent, shall perform the duties set out in this Agreement and the Conditions and, in performing those duties, shall comply with the Conditions and the provisions of this Agreement. In particular, it shall:
- (a) accept Certificates delivered to it with a request for transfer of all or part of the Perpetual Capital Securities represented thereby; and
 - (b) if appropriate, charge to the holder of Perpetual Capital Securities presented for transfer (i) the costs or expenses (if any) of the Registrar in delivering Certificates issued on such transfer other than by regular mail and (ii) a sum sufficient to cover any stamp duty, Tax or other governmental charge that may be imposed in relation to the transfer.

12. REGULATIONS FOR TRANSFER OF PERPETUAL CAPITAL SECURITIES

Subject as provided below, the Society may from time to time agree with the Registrar reasonable regulations to govern the transfer and registration of Perpetual Capital Securities. The initial regulations, which shall apply until amended under this clause, are set out in Schedule 4. The Registrar agrees to comply with the regulations as amended from time to time.

13. REPLACEMENT OF CERTIFICATES

- 13.1 The Registrar shall, subject to and in accordance with Condition 12 and the following provisions of this clause 13, cause to be authenticated and delivered any replacement Certificates which the Society may determine to issue in place of Certificates which have been lost, stolen, mutilated, defaced or destroyed.

- 13.2 The Registrar shall obtain verification, in the case of an allegedly lost, stolen or destroyed Certificate in respect of which the serial number is known, that Perpetual Capital Securities represented by the relevant Certificate have not previously been substituted or purchased and cancelled. The Registrar shall not issue a replacement Certificate unless and until the applicant has:
- (a) paid such expenses and costs as may be incurred in connection with the replacement;
 - (b) furnished it with such evidence and indemnity as the Society may reasonably require; and
 - (c) in the case of a mutilated or defaced Certificate, surrendered it to the Principal Paying Agent or the Registrar.
- 13.3 The Registrar shall cancel mutilated or defaced Certificates in respect of which replacement Certificates have been issued pursuant to this clause and all Certificates which are so cancelled shall be delivered by the Registrar to the Principal Paying Agent (or as it may specify). The Principal Paying Agent shall furnish the Society, upon request, with a certificate stating the serial numbers of the Certificates received by it and cancelled pursuant to this clause and shall, unless otherwise requested by the Society, destroy all those Certificates and furnish the Society, upon request, with a destruction certificate containing the information specified in subclause 16.3.
- 13.4 The Registrar shall, on issuing any replacement Certificate, as soon as reasonably practicable inform the Society and the Principal Paying Agent of the serial number of the replacement Certificate issued and (if known) of the serial number of the Certificate in place of which the replacement Certificate has been issued.
- 13.5 Whenever a Certificate for which a replacement Certificate has been issued is presented to the Registrar for any purpose, the Registrar shall as soon as reasonably practicable send notice to the Society and the Principal Paying Agent.
- 13.6 The Society shall cause a sufficient quantity of additional forms of Certificate to be available, upon request, to the Registrar for the purpose of issuing replacement Certificates.

14. NOMINEE'S LETTER TO THE SOCIETY AND THE CHARITY ASSIGNEE

- 14.1 The Registrar shall procure that the Nominee executes and delivers a letter to the Society and the Community Foundation serving Tyne & Wear and Northumberland, on the date hereof, in the form set out in Schedule 5.
- 14.2 The Registrar shall further procure that any successor or replacement Nominee from time to time executes and delivers to the Society and the Community Foundation serving Tyne & Wear and Northumberland (or other relevant Charity Assignee at the relevant time) a letter substantially in the form set out in Schedule 5 (save that (a) references in Schedule 5 to Citivic Nominees Limited shall be replaced by references to the successor or replacement Nominee and (b) references therein to the Community Foundation serving Tyne & Wear and Northumberland shall (if the Community Foundation serving Tyne & Wear and Northumberland is not the relevant Charity Assignee at such time) be replaced by references to the relevant Charity Assignee at such time) on or prior to the date of the appointment of the successor or replacement (as the case may be) as Nominee.

15. PUBLICATION OF NOTICES AND COMMUNICATIONS

- 15.1 On behalf of and at the request and expense of the Society, the Principal Paying Agent shall cause to be published all notices required to be given by the Society under the Conditions.
- 15.2 The Registrar shall promptly provide to the Society a copy of the form of every notice given to Securityholders in accordance with the Conditions.
- 15.3 The Registrar and the Principal Paying Agent shall promptly forward to the Society a copy of any notice or communication addressed to the Society by any Securityholder, which is received by the Registrar or the Principal Paying Agent.

16. CANCELLATION OF CERTIFICATES

- 16.1 All Certificates which are surrendered in connection with Conversion, repayment, substitution, purchase or transfer of Perpetual Capital Securities shall be cancelled by the Registrar. The Principal Paying Agent will deliver to the Registrar all Certificates surrendered to it. Where Perpetual Capital Securities are Converted, repaid by the Society, substituted in accordance with the Conditions or purchased by or on behalf of the Society or its subsidiaries and surrendered to the Registrar for cancellation, the Registrar shall promptly cancel the relevant Certificate(s).
- 16.2 If the Society (or any of its subsidiaries) purchases any Perpetual Capital Securities that are to be cancelled in accordance with the Conditions, the Society shall immediately notify the Registrar of the nominal amount of those Perpetual Capital Securities it (or its subsidiary as the case may be) has purchased. The Society shall also procure their cancellation and (if the Perpetual Capital Securities are represented by Certificates in definitive form) provide instructions to the Principal Paying Agent (in the form agreed to by the Principal Paying Agent) confirming the details of the Perpetual Capital Securities to be purchased by no later than two Business Days prior to the date on which the Perpetual Capital Securities are intended to be purchased and cancelled. Once the Certificate representing the Perpetual Capital Securities to be cancelled has been received by the Principal Paying Agent, it will request the immediate cancellation of the Perpetual Capital Securities. The Registrar shall only be required to comply with its obligations under this subclause 16.2 in respect of Perpetual Capital Securities surrendered for cancellation following a purchase of the same by the Society or any of its subsidiaries to the extent that it has been informed by the Society of such purchases in accordance with this subclause 16.2.
- 16.3 The Registrar or its authorised agent shall (unless otherwise instructed by the Society in writing and save as provided in subclause 17.1) destroy all cancelled Certificates and furnish the Society with a certificate of destruction containing written particulars of the serial numbers of the Certificates so destroyed.

17. RECORDS AND CERTIFICATES

- 17.1 The Registrar shall keep a full and complete record of all Certificates and their Conversion, repayment, substitution or purchase by or on behalf of the Society or its subsidiaries, exchange, cancellation or payment and of all replacement Certificates issued in substitution for lost, stolen, mutilated, defaced or destroyed Certificates. The Registrar shall at all reasonable times during office hours make the records available to the Society.

- 17.2 The Registrar shall give to the Society, as soon as reasonably practicable upon request, after the date of purchase, repayment, substitution or replacement of a Certificate, a certificate stating (a) the serial numbers of Certificates, (b) the aggregate amount of any interest payments made (and the due dates of the payments) on the Global Certificate and/or on Certificates, (c) the aggregate nominal amount of Perpetual Capital Securities (if any) which have been purchased by or on behalf of the Society or its subsidiaries and cancelled and the serial numbers of the relevant Certificates and (d) the aggregate nominal amount of Perpetual Capital Securities which have been exchanged or surrendered and replaced and the serial numbers of the relevant Certificates.
- 17.3 Each Agent (a) acknowledges that all forms of Certificates delivered to and held by it pursuant to this Agreement shall be held by it as custodian only and it shall not be entitled to and shall not claim any lien or other security interest on such Certificates or any Perpetual Capital Securities represented thereby, (b) shall only use such forms in accordance with this Agreement, (c) shall maintain all such forms in safe custody, (d) shall take such security measures as may reasonably be necessary to prevent their theft, loss or destruction and (e) shall keep an inventory of all such forms and make it available to the Society and the other Agents at all reasonable times.

18. COPIES OF DOCUMENTS AVAILABLE FOR INSPECTION

The Registrar and the Principal Paying Agent shall hold copies of this Agreement, any certificate provided to the Registrar pursuant to Condition 13.1 or Condition 13.2 and, if applicable, any other documents expressed to be held by them in the Offering Circular dated 4 December 2024 issued by the Society in relation to the Perpetual Capital Securities available for inspection at all reasonable times during office hours. For this purpose, the Society shall furnish the Registrar and the Principal Paying Agent with sufficient copies of such document(s).

19. FEES AND EXPENSES

- 19.1 The Society shall pay to the Principal Paying Agent the fees in respect of the services of the Agents under this Agreement as shall be agreed between the Society and the Principal Paying Agent. The Society shall not be concerned with the apportionment of payment among the Agents.
- 19.2 The Society shall also pay to the Principal Paying Agent on the date specified in a demand all out-of-pocket expenses (including legal and postage expenses) properly incurred by the Agents in connection with their services together with any applicable value added tax, sales, stamp, issue, registration, documentary or other similar taxes or duties. These expenses shall include any costs or charges incurred by the Agents in carrying out instructions to clear and/or settle transfers of Perpetual Capital Securities under this Agreement (including cash penalty charges that may be incurred under Article 7 of the Central Securities Depositories Regulation (EU) No 909/2014 if a settlement fail occurs due the Society's failure to deliver any required Perpetual Capital Securities or cash or other culpable action or omission by the Society which results in a settlement fail).
- 19.3 All monies payable to the Agents under this clause 19 shall be made without set-off, counterclaim or withholding or deduction for or on account of any Tax, unless required by law, in which case the Society shall gross up such payments to the Agents so that they receive such amount as they would have received in the absence of such set-off, counterclaim or withholding or deduction for or on account of any Tax.

20. INDEMNITY

- 20.1 The Society shall indemnify each Agent, on an after tax basis, against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges and expenses paid or properly incurred in disputing or defending any of the foregoing) which such Agent may incur or which may be made against it arising out of or in relation to or in connection with its appointment or the exercise of its functions, except as a result of such Agent's gross negligence, wilful default or fraud or that of its directors, officers or employees.
- 20.2 Each Agent shall indemnify the Society, on an after tax basis, against any loss, liability, cost, claim, action, demand or expense (including, but not limited to, all costs, charges and expenses paid or properly incurred in disputing or defending any of the foregoing) that the Society may incur or that may be made against it as a result of such Agent's gross negligence, fraud or wilful default or that of its directors, officers or employees.
- 20.3 Notwithstanding any provision of this Agreement to the contrary (including, without limitation, the indemnities at clause 20.1 and clause 20.2 above), neither the Society nor any Agent shall in any event be liable to any other party to this Agreement for consequential losses (being loss of business, goodwill, opportunity or profit) or special punitive damages, whether or not foreseeable, even where the likelihood of such loss or damage has been advised.
- 20.4 The indemnities contained in this clause 20 shall survive the termination or expiry of this Agreement and the resignation and/or removal of the Agent.
- 20.5 All monies payable under this clause 20 shall be made without set-off, counterclaim, withholding or deduction, unless required by law, in which case the payor shall gross up such payments to the relevant payee so that they receive such amount as they would have received in the absence of such set-off, counterclaim, withholding or deduction.

21. REPAYMENT BY PRINCIPAL PAYING AGENT

Sums paid by or by arrangement with the Society to the Principal Paying Agent pursuant to the terms of this Agreement shall not be required to be repaid to the Society unless and until (a) any amounts payable in respect of Perpetual Capital Securities becomes void under the provisions of Condition 11, or (b) repayment or reimbursement to the Society is otherwise required in accordance with clause 7 as a result of cancellation of the relevant amounts of interest, principal or other amounts on or in respect of the Perpetual Capital Securities. In any such event, the Principal Paying Agent shall as soon as reasonably practicable repay to the Society sums equivalent to the amounts which would otherwise have been payable in respect of the relevant Perpetual Capital Securities.

22. CONDITIONS OF APPOINTMENT

- 22.1 Subject as provided in subclause 22.3, the Principal Paying Agent shall be entitled to deal with money paid to it by the Society for the purposes of this Agreement in the same manner as other money paid to a banker by its customers and not subject to the UK FCA Client Money Rules (set out in chapter 7 of the CASS Sourcebook of the FCA Handbook of Rules and Guidance) and shall not be liable to account to the Society for any interest or other amounts in respect of the money. No money held by any Agent need be segregated except as required by law.

- 22.2 In acting under this Agreement and in connection with the Perpetual Capital Securities the Agents shall act solely as agents of the Society and will not assume any obligations towards or relationship of agency or trust for or with any of the owners or Securityholders.
- 22.3 No Agent shall exercise any right of set-off or lien or similar claim against the Society or any Securityholder in respect of any moneys payable to or by it under the terms of this Agreement.
- 22.4 Except as otherwise permitted in the Conditions or as ordered by a court of competent jurisdiction or required by law or otherwise instructed by the Society, each of the Agents shall be entitled to treat the registered holder of any Perpetual Capital Security as the absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it).
- 22.5 In acting under this Agreement, each Agent shall act solely as agent of the Society and shall have no obligation towards or relationship of agency, fiduciary duty or trust with any other person. The Agents shall be obliged to perform such duties and only such duties as are set out in this Agreement, the Conditions and the Global Certificate and no implied duties or obligations shall be read into this Agreement or the Perpetual Capital Securities against the Agents other than the duty to act honestly and in good faith and to exercise the diligence of a reasonably prudent agent in comparable circumstances.
- 22.6 The Principal Paying Agent may consult with legal and other professional advisers and the opinion of the advisers shall be full and complete protection in respect of action taken, omitted or suffered under this Agreement in good faith and in accordance with the opinion of the advisers.
- 22.7 Each of the Agents shall be protected and shall incur no liability for or in respect of action taken, omitted or suffered in reliance upon any instruction, request or order from the Society which it reasonably believes to be genuine and to have been delivered, signed or sent by the proper party or parties or upon written instructions from the Society.
- 22.8 If any Agent considers that any instructions received by it from or on behalf of the Society are unclear, conflicting or equivocal, it shall promptly notify the Society of such fact and shall request such additional information and/or clarification as may be reasonably required. The Society shall, as soon as reasonably practicable following receipt of such a request, provide such additional information and/or clarification to the Agent. In such event, the Agents shall be entitled, without liability, not to act upon such unclear, conflicting or equivocal instructions until the Society has provided such additional information and/or clarification.
- 22.9 Any of the Agents, and any other person, whether or not acting for itself, may become the owner of, or acquire any interest in, Perpetual Capital Securities with the same rights that it or they would have if the Agent concerned were not appointed under this Agreement, and may engage or be interested in any financial or other transaction with the Society, and may act on, or as depository, trustee or agent for, any committee or body of Securityholders or other obligations of the Society, as freely as if the Agent were not appointed under this Agreement.
- 22.10 No Agent shall be under any obligation to take any action under this Agreement which it expects will result in any expense or liability accruing to it, the payment of which within a reasonable time is not, in its opinion, assured to it.

- 22.11 None of the Agents shall have any obligation or duty (i) to monitor or supervise, inquire as to the performance of the Society of its obligations under the Perpetual Capital Securities, this Agreement or any other relevant documents or (ii) to determine or take any steps to ascertain whether any relevant event under the Perpetual Capital Securities has occurred. Each of the Agents shall be entitled to assume, in the absence of express notice in writing to the contrary, that each other party is properly performing and complying with its obligations under this Agreement and the other documents relating to the Perpetual Capital Securities to which it is party, and that no default or other relevant event has occurred under the Conditions of the Perpetual Capital Securities, and no Agent shall have any liability to any person for any loss arising from any breach by any party (other than itself) of this Agreement or any such document, or from any action taken or not taken by it in respect of any such default or event which has not been notified to it in writing.
- 22.12 Each party shall, within ten Business Days of a written request by another party, supply to that other party such forms, documentation and other information relating to it, its operations, or the Perpetual Capital Securities as that other party reasonably requests for the purposes of that other party's compliance with Applicable Law and shall notify the relevant other party reasonably promptly in the event that it becomes aware that any of the forms, documentation or other information provided by such party is (or becomes) inaccurate in any material respect; *provided, however, that* no party shall be required to provide any forms, documentation or other information pursuant to this subclause 22.12 to the extent that: (i) any such form, documentation or other information (or the information required to be provided on such form or documentation) is not reasonably available to such party and cannot be obtained by such party using reasonable efforts; or (ii) doing so would or might in the reasonable opinion of such party constitute a breach of any: (a) Applicable Law; (b) fiduciary duty; or (c) duty of confidentiality. For the purposes of this subclause 22.12, "**Applicable Law**" shall be deemed to include (i) any rule or practice of any Authority by which any party is bound or with which it is accustomed to comply; (ii) any agreement between any Authorities; and (iii) any agreement between any Authority and any party that is customarily entered into by institutions of a similar nature.
- 22.13 Notwithstanding anything else herein contained, any Agent may refrain without liability from doing anything that would or might, in its reasonable opinion following due investigation, be contrary to any law of any state or jurisdiction (including but not limited to the United Kingdom, the European Union, the United States of America or, in each case, any jurisdiction forming a part of it) or any directive or regulation of any agency of any such state or jurisdiction, and may without liability do anything which is, in its reasonable opinion following due investigation, necessary to comply with any such law, directive or regulation.
- 22.14 The Society shall provide as soon as reasonably practicable on request to any Agent such information as it shall reasonably require for the purpose of the discharge or exercise of its duties herein.
- 22.15 The Society shall provide the Principal Paying Agent for itself and for delivery to each other Agent with a copy of the certified list of persons authorised to take action on behalf of the Society in connection with this Agreement and shall notify the Principal Paying Agent and each other Agent as soon as reasonably practicable in writing if any of such persons ceases to be so authorised or if any additional person becomes so authorised. Unless and until notified of any such change, each Agent may rely on the certificate(s) most recently delivered to it and all instructions given in accordance with such certificate(s) shall be binding on the Society.

23. AMALGAMATION AND TRANSFER OF ENGAGEMENTS; RESULTING SOCIETY

Upon an amalgamation by the Society with another building society under section 93 of the Act or a transfer of all or substantially all of its engagements to another building society under section 94 of the Act, in each case in accordance with Condition 13.1, the Perpetual Capital Securities shall become deferred shares in the Resulting Society (as defined in Condition 13.1), and the Resulting Society will be deemed to be named in this Agreement as the principal debtor in respect of the Perpetual Capital Securities in place of the Society (or of any previous substitute), and this Agreement will be deemed to be amended as necessary to give effect to such amalgamation or transfer of engagements.

24. COMMUNICATION WITH AGENTS

All communications from the Society to the Agents relating to the subject matter of this Agreement shall be given to the Registrar and the Principal Paying Agent.

25. TERMINATION OF APPOINTMENT

25.1 The Society may terminate the appointment of any Agent at any time and/or appoint additional or other Agents:

- (a) by giving to the Agent whose appointment is concerned and (if such Agent is not the Principal Paying Agent) the Principal Paying Agent at least 60 days' prior written notice to that effect, provided that, so long as any of the Perpetual Capital Securities is outstanding, (i) the notice shall not expire less than 30 days before any due date for the payment of any interest payment and (ii) notice shall be given under Condition 17 at least 30 days before the removal or appointment of an Agent; or
- (b) immediately in circumstances where the relevant Agent is an FFI and does not become, or ceases to be, a Participating FFI or is not otherwise exempt from FATCA Withholding, by notice to the Agent whose appointment is concerned and (if such Agent is not the Principal Paying Agent) the Principal Paying Agent.

Upon any letter of appointment being executed by or on behalf of the Society and any person appointed as an Agent, such person shall become a party to this Agreement as if originally named in it and shall act as such Agent in respect of the Perpetual Capital Securities.

25.2 Notwithstanding the provisions of subclause 25.1, if at any time an Agent becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, receiver or other similar official of all or any substantial part of its property, or it admits in writing its inability to pay or meet its debts as they may mature or suspends payment of its debts, or if a resolution is passed or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a public officer takes charge or control of the Agent or of its property or affairs for the purpose of rehabilitation, administration or liquidation, the Society may forthwith without notice terminate the appointment of the Agent, in which event notice shall be given to the Securityholders under Condition 17 as soon as is practicable.

- 25.3 The termination of the appointment of an Agent under this Agreement shall not entitle the Agent to any amount by way of compensation but shall be without prejudice to any amount then accrued due.
- 25.4 All or any of the Agents may resign their respective appointments under this Agreement at any time, without giving any reason and without being responsible for any costs incurred by such resignation by giving to the Society and (if such Agent is not the Principal Paying Agent) the Principal Paying Agent at least 60 days' prior written notice to that effect, provided that, so long as any of the Perpetual Capital Securities is outstanding, the notice shall not expire less than 30 days before any date upon which any payment is due in respect of the Perpetual Capital Securities. Following receipt of a notice of resignation from an Agent, the Society shall promptly, and in any event not less than 30 days before the resignation takes effect, give notice to the Securityholders under Condition 17.
- 25.5 If any Agent shall resign in accordance with subclause 25.4 above, or be removed pursuant to subclauses 25.1 or 25.2 above, the Society shall promptly and in any event within 60 days appoint a successor (being a leading bank acting through its office in London). The Society agrees with the Agents that if, by the day falling 10 days before the expiry of any notice under this clause 25, the Society has not appointed a replacement Agent, then the relevant Agent shall be entitled, in consultation with the Society, to select a leading bank of recognised standing acting through its office in London to act as Principal Paying Agent or Registrar (as the case may be) hereunder and the Society shall appoint that bank as the successor Principal Paying Agent or Registrar (as applicable).
- 25.6 Notwithstanding the provisions of subclauses 25.1, 25.2 and 25.4, so long as any of the Perpetual Capital Securities is outstanding, the termination of the appointment of an Agent (whether by the Society or by the resignation of the Agent) shall not be effective unless upon the expiry of the relevant notice there is:
- (a) a Principal Paying Agent; and
 - (b) a Registrar (which shall act in the capacity of registrar and transfer agent).
- 25.7 Any successor Agent shall execute and deliver to its predecessor, the Society and, where appropriate, the Principal Paying Agent an instrument accepting the appointment under this Agreement, and the successor Agent, without any further act, deed or conveyance, shall become vested with all the authority, rights, powers, trusts, immunities, duties and obligations of the predecessor with like effect as if originally named as an Agent.
- 25.8 If the appointment of an Agent under this Agreement is terminated (whether by the Society or by the resignation of the relevant Agent), such Agent shall on the date on which the termination takes effect deliver to its successor Agent (or, if none, the Principal Paying Agent) all Certificates surrendered to it but not yet destroyed and all records concerning the Perpetual Capital Securities maintained by it (except such documents and records as it is obliged by law or regulation to retain or not to release) and pay to its successor Agent (or, if none, to the Principal Paying Agent) the amounts (if any) held by it in respect of Perpetual Capital Securities which have become due and payable but which have not been presented for payment, but shall have no other duties or responsibilities under this Agreement.
- 25.9 If the Principal Paying Agent or any of the other Agents shall change its specified office, it shall give to the Society and, where appropriate, the Principal Paying Agent not less than 60 days' prior written notice to that effect giving the address of the new specified office. As soon as practicable thereafter and in any event at least 30 days before the change, the Principal Paying Agent shall give to the Securityholders on

behalf of and at the expense of the Society notice of the change and the address of the new specified office under Condition 17.

- 25.10 A corporation into which any Agent for the time being may be merged or converted or a corporation with which the Agent may be consolidated or a corporation resulting from a merger, conversion or consolidation to which the Agent shall be a party, or any corporation, including affiliated corporations, to which any Agent shall sell or otherwise transfer (a) all or substantially all of its assets or (b) all or substantially all of its corporate trust and agency business shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by applicable law, be the successor Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement unless otherwise required by the Society, and after the said effective date all references in this Agreement to that Agent shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion or consolidation shall forthwith be given to the Society by the relevant Agent (or its successor) and, where appropriate, the Principal Paying Agent.

26. MEETINGS OF SECURITYHOLDERS

- 26.1 The provisions of Schedule 3 shall apply to meetings of the Securityholders and shall have effect in the same manner as if set out in this Agreement.
- 26.2 Each of the Agents shall, upon request of any Securityholders or, as the case may be, any Accountholder (as defined in Schedule 3), perform those functions specified in Schedule 3 to be performed by it. Each Agent shall keep a full and complete record of all voting certificates and block voting instructions issued by it and shall, not less than 24 hours before the time appointed for holding any meeting or adjourned meeting, deposit at such place as the Principal Paying Agent shall designate or approve, full particulars of all voting certificates and block voting instructions issued by it in respect of any meeting or adjourned meeting.

27. FURTHER ASSISTANCE

- 27.1 The Registrar and the Principal Paying Agent will, upon written request by the Society, provide the Society with all assistance which may reasonably be expected of it in its capacity as Registrar or Principal Paying Agent (as the case may be) in connection with amendments to, or transfers and/or cancellations of, Perpetual Capital Securities upon any amalgamation of the Society with another building society or any transfer of all or substantially all of the engagements or business of the Society to another building society or other body corporate in accordance with Condition 13.
- 27.2 The Registrar shall, on behalf of itself and the Principal Paying Agent, agree with the Society in advance the additional fees and expenses of the Registrar and the Paying Agent in connection with their provision of assistance pursuant to this clause 27.

28. NOTICES

- 28.1 Any notice required to be given under this Agreement to any of the parties shall be in English and shall be sent by letter or electronic communication addressed to:

The Society:

Newcastle Building Society
1 Cobalt Park Way

Wallsend
NE28 9EJ
United Kingdom

Email: TreasuryOperations@newcastle.co.uk
(Attention: Head of Capital Markets)

The Registrar and Principal Paying Agent:

Citibank, N.A., London Branch
6th Floor
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Email: issueroperationscsu@citi.com
(Attention: Client Service Unit)

or such other address of which notice in writing has been given to the other parties to this Agreement under the provisions of this clause.

- 28.2 Any such notice shall take effect, if sent by letter, when delivered and, if sent by email, at the time of despatch (unless a delivery failure notification is received by the sender within 24 hours of sending such communication), *provided that* any communication which is received (or deemed to take effect in accordance with the foregoing) outside business hours or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place. Any communication delivered to any party under this Agreement which is to be sent by electronic communication will be written legal evidence.

29. TAXES AND STAMP DUTIES

The Society agrees to pay any and all stamp, registration and other similar documentary taxes, duties, assessments or government charges (including any interest and penalties thereon or in connection therewith) which may be payable in connection with the execution, delivery, performance and enforcement of this Agreement by the Agents.

30. COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement and any party may enter into this Agreement by executing a counterpart.

31. DESCRIPTIVE HEADINGS

The descriptive headings in this Agreement are for convenience of reference only and shall not define or limit the provisions of this Agreement.

32. WHOLE AGREEMENT

- 32.1 This Agreement contains the whole agreement between the parties relating to the subject matter of this Agreement at the date of this Agreement to the exclusion of any terms implied by law which may be excluded by contract and supersedes any previous written or oral agreement between the parties in relation to the matters dealt with in this Agreement.
- 32.2 Each party acknowledges that it has not been induced to enter into this Agreement by any representation, warranty or undertaking not expressly incorporated into it.
- 32.3 So far as is permitted by law and except in the case of fraud, each party agrees and acknowledges that its only right and remedy in relation to any representation, warranty or undertaking made or given in connection with this Agreement shall be for breach of the terms of this Agreement to the exclusion of all other rights and remedies (including those in tort or arising under statute).
- 32.4 In Clauses 32.1 to 32.3, "this Agreement" includes all documents entered into pursuant to this Agreement.

33. GOVERNING LAW AND SUBMISSION TO JURISDICTION

- 33.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.
- 33.2 The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) and accordingly any legal action or proceedings arising out of or in connection with this Agreement (**Proceedings**) may be brought in such courts. The Society and each of the Agents irrevocably submits to the jurisdiction of such courts and irrevocably waives any objection to Proceedings in the courts of England whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause 33.2 is for the benefit of the Agents and shall not limit the right of any of the Agents to take Proceedings in any other court of 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).

34. AMENDMENTS

This Agreement may be amended by agreement between all of the parties hereto, without the consent of any Securityholder, either:

- (a) for the purpose of curing any ambiguity or of curing, correcting or supplementing any manifest or proven error or any other defective provision contained in this Agreement; or
- (b) in any other manner which the parties may mutually deem necessary or desirable and which shall not be inconsistent with the Conditions and shall not, in the sole opinion of the Society, be materially prejudicial to the interests of the Securityholders,

and any such amendment shall be binding upon all the Securityholders.

35. THIRD PARTY RIGHTS

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

36. GENERAL

If any provision in or obligation under this Agreement is or becomes invalid, illegal or unenforceable in any respect under the law of any jurisdiction, that will not affect or impair (i) the validity, legality or enforceability under the law of that jurisdiction of any other provision in or obligation under this Agreement, and (ii) the validity, legality or enforceability under the law of any other jurisdiction of that or any other provision in or obligation under this Agreement.

SIGNED by each of the parties (or their duly authorised representatives) on the date which appears first on page 1.

SCHEDULE 1

FORM OF THE GLOBAL CERTIFICATE

NEITHER THIS GLOBAL CERTIFICATE NOR ANY SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THIS GLOBAL CERTIFICATE NOR ANY SECURITIES REPRESENTED BY THIS GLOBAL CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The Perpetual Capital Securities are deferred shares in the Society for the purposes of section 119 of the Building Societies Act 1986, as amended, and will not be protected deposits for the purposes of the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000, as amended.

ISIN: XS2925943305

Common Code: 292594330

NEWCASTLE BUILDING SOCIETY

(incorporated in England under the Building Societies Act 1986, as amended)

GLOBAL CERTIFICATE

representing

£40,000,000

Perpetual Contingent Convertible Additional Tier 1 Capital Securities

Newcastle Building Society (the "**Society**") hereby certifies that Citivic Nominees Limited (the "**Nominee**") is, at the date hereof, entered in the Perpetual Capital Securities Register as the holder of an aggregate nominal amount of £40,000,000 Perpetual Contingent Convertible Additional Tier 1 Capital (the "**Perpetual Capital Securities**") issued by the Society. The aggregate nominal amount of Perpetual Capital Securities represented by this Global Certificate from time to time shall be the amount last specified in the fourth column of Schedule A to this Global Certificate and recorded as such in the Perpetual Capital Securities Register (provided that, in the event of inconsistency, the Perpetual Capital Securities Register will prevail).

As used in this Global Certificate, the term "**holder**" shall mean the person(s) entered in the Perpetual Capital Securities Register as the holder of the Perpetual Capital Securities represented by this Global Certificate.

References herein to the "**Conditions**" (or to any particularly numbered Condition) shall be to the conditions of issue of the Perpetual Capital Securities (or that particular one of them) set out in Part 2 of Schedule 2 to the Agency Agreement referred to below, as modified by the provisions of this Global Certificate. Words and expressions defined in the Conditions shall bear the same meanings when used in this Global Certificate. This

Global Certificate is issued subject to, and with the benefit of, the Conditions and subject to an agency agreement (the "**Agency Agreement**") dated 6 December 2024 and made between the Society and Citibank, N.A., London Branch as registrar and transfer agent (the "**Registrar**", which term shall include any successor or replacement registrar and transfer agent appointed under the Agency Agreement from time to time) and as principal paying agent (the "**Principal Paying Agent**", which term shall include any successor or replacement principal paying agent appointed under the Agency Agreement from time to time).

Promise to pay

For value received, the Society, subject to and in accordance with the Conditions and the Agency Agreement, promises to pay to the holder hereof all amounts due and payable from time to time under the Conditions in respect of the Perpetual Capital Securities represented by this Global Certificate on the dates specified in, or determined in accordance with, the Conditions.

Maintenance of Schedules to this Global Certificate

On any (i) Conversion, repayment, substitution or purchase and cancellation of any of the Perpetual Capital Securities represented by this Global Certificate, (ii) exchange of any Perpetual Capital Securities represented by this Global Certificate for Certificates in definitive form and/or (iii) issues of any Further Perpetual Capital Securities that are to be represented by this Global Certificate, details of such Conversion, repayment, substitution or purchase and cancellation, exchange or issuance (as the case may be) shall be entered by or on behalf of the Registrar in the relevant columns of Schedule A hereto and the final column of Schedule A shall be signed by or on behalf of the Registrar on the corresponding row.

A record of each payment made in respect of Perpetual Capital Securities represented by this Global Certificate will be endorsed on the appropriate part of Schedule B to this Global Certificate by or on behalf of the Registrar, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Perpetual Capital Securities.

Transfers

Book-entry interests in the Perpetual Capital Securities represented by this Global Certificate are transferable only in accordance with, and subject to, the provisions hereof and the rules and operating procedures of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear and/or any replacement or successor clearing system, the "**Clearing Systems**"). Transfers of such book-entry interests will be effected through the records of the Clearing Systems and their respective direct and indirect participants in accordance with the rules and procedures of the Clearing Systems and their respective direct and indirect participants.

The Society shall have no responsibility or liability for any aspect of the records of any Clearing System or for maintaining, supervising or reviewing any such records.

Exchange for definitive Certificates

Registration of title to Perpetual Capital Securities in a name other than that of the Nominee or any replacement or successor nominee for the Clearing Systems will be permitted only if: (i) all Clearing Systems have closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or do in fact do so and no successor Clearing System is

available; or (ii) the Society has or will become subject to adverse tax consequences which would not be suffered were the Perpetual Capital Securities represented by this Global Certificate in definitive form.

If the circumstances in (i) above occur, the Nominee (acting on the instructions of one or more of the Accountholders (as defined below)) may give notice to the Society and the Registrar of its intention to exchange this Global Certificate for definitive Certificates on or after the Exchange Date (as defined below).

If the circumstances in (ii) above occur, the Society may give notice to the Nominee and the Registrar requiring exchange of this Global Certificate for definitive Certificates on or after the Exchange Date.

References herein to "**Accountholders**" are to each person (other than a Clearing System) who is for the time being shown in the records of a Clearing System as the holder of a particular nominal amount of Perpetual Capital Securities (in which regard any certificate or other document issued by that Clearing System as to the nominal amount of Perpetual Capital Securities standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes).

On the Exchange Date, the Nominee shall surrender this Global Certificate to or to the order of the Registrar for exchange for definitive Certificates. Upon exchange of this Global Certificate, the Registrar will make appropriate entries in the Perpetual Capital Securities Register and will, as soon as reasonably practicable and in any event within 14 days following the Exchange Date, deliver, or procure the delivery of, definitive Certificates to (or to the order of) the Nominee in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Agency Agreement. On exchange of this Global Certificate, the Society will procure that it is cancelled and, if the Nominee so requests, returned to the Nominee together with the relevant definitive Certificates.

For these purposes, "**Exchange Date**" means a day specified in the relevant notice requiring exchange falling not less than 10 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Registrar is located.

Accountholders will have no right to require delivery of definitive Certificates representing their interests in any Perpetual Capital Securities or to be entered as a Securityholder on the Perpetual Capital Securities Register except in the circumstances described above.

Benefits

Until the exchange of the whole of this Global Certificate for definitive Certificates, the Nominee shall in all respects be entitled to the same benefits as if it were the registered holder of definitive Certificates in the form set out in Schedule 2 to the Agency Agreement representing all the Perpetual Capital Securities represented by this Global Certificate.

Accordingly, except as ordered by a court of competent jurisdiction or as required by applicable law or regulation, the Society, the Registrar and the Principal Paying Agent may deem and treat the Nominee as the absolute owner of the Perpetual Capital Securities represented by this Global Certificate for all purposes.

The foregoing paragraph is without prejudice to the provisions of the paragraph "*Direct Rights*" below.

Payments

Payments due in respect of Perpetual Capital Securities represented by this Global Certificate shall be made by the Principal Paying Agent (or otherwise by or on behalf of the Society) to, or to the order of, the Nominee. A record of each payment made in respect of Perpetual Capital Securities represented by this Global Certificate will be endorsed on the appropriate part of Schedule B to this Global Certificate by or on behalf of the Registrar, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Perpetual Capital Securities.

Payment by the Principal Paying Agent (or otherwise by or on behalf of the Society) to, or to the order of, the Nominee as aforesaid will discharge the obligations of the Society in respect of the relevant payment under the Perpetual Capital Securities. Each Accountholder must look solely to its Clearing System for its share of each payment made to or to the order of the Nominee. Any failure to make entries in Schedule B to this Global Certificate referred to above shall not affect such discharge.

Notices

For so long as the Perpetual Capital Securities are represented by this Global Certificate and this Global Certificate is held on behalf of one or more Clearing Systems, notices may be given to the Securityholders by delivery of the relevant notice to the relevant Clearing Systems for communication to the relevant Accountholders in substitution for despatch and service as required by Condition 17. Such notice shall be deemed to have been given on the date of delivery of the notice to the relevant Clearing Systems for such communication.

Meetings; Membership rights whilst the Perpetual Capital Securities are held through the Clearing Systems

Save as provided in the paragraph "*Exchange for definitive Certificates*" above, investors will hold their interests in the Perpetual Capital Securities as, or directly or indirectly through, Accountholders with the Clearing Systems and will not themselves be entered on the Perpetual Capital Securities Register as holder of the relevant Perpetual Capital Securities. Instead, the holder entered on the Perpetual Capital Securities Register for such Perpetual Capital Securities shall be the Nominee and the Accountholders' holdings of interests in such Perpetual Capital Securities will be recorded in the internal records of the relevant Clearing System.

This means that Accountholders (and persons holding interests in the Perpetual Capital Securities via an Accountholder) will not themselves be members of the Society and, accordingly, will not be entitled to vote at any general meeting of the members of the Society or in a postal ballot or electronic ballot or to any other similar membership rights. Instead, the members' rights attaching to the Perpetual Capital Securities held through the Clearing Systems will be held solely by the Nominee. Such Nominee will be entered in the Perpetual Capital Securities Register as the holder of such Perpetual Capital Securities, and will be entitled to exercise the voting and other members' rights attributable to such Perpetual Capital Securities. Each member of the Society has one vote at any general meeting of the members of the Society. Accordingly, the Nominee will be entitled to exercise one vote at any such meeting, regardless of the nominal amount of Perpetual Capital Securities held by it (and regardless also of the size and nominal amount of other relevant investments or interests (if any) conferring membership rights which the Nominee may have in the Society).

Given the difficulty of casting the single vote at a general meeting of the members of the Society in a manner which reflects the views of all Accountholders and the insignificance of that vote in the context of all the votes which may be cast by members of the Society, the Nominee has informed the Society that it does not intend to exercise its vote insofar as it relates to its holding of Perpetual Capital Securities.

At a separate meeting of Securityholders only, the Nominee will have one vote in respect of each £1,000 in outstanding nominal amount of the Perpetual Capital Securities outstanding and will act on the instructions of one or more Accountholders received by it through the Clearing Systems. The Agency Agreement contains provisions relating to the convening and conduct of such meetings of Securityholders. Those provisions include arrangements pursuant to which an Accountholder (or a person holding interests in Perpetual Capital Securities via an Accountholder) will be able (i) to attend any such meeting and cast the votes attributable to its Perpetual Capital Securities or (ii) otherwise to direct (including by way of electronic consents) how the votes attributable to its Perpetual Capital Securities shall be cast at such meeting. For these purposes, notwithstanding the provisions of Condition 15.4(a), the Nominee shall be entitled to appoint one or more persons as its proxy or proxies to attend, speak and, on a resolution, vote at a meeting of Securityholders. Each proxy shall be appointed in respect of such nominal amount of Perpetual Capital Securities specified by the Nominee (provided that no two proxies can be appointed in respect of the same Perpetual Capital Securities).

The Agency Agreement also contains provisions for the passing of resolutions, without the need for a meeting of Securityholders, by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) by or on behalf of Securityholders holding in aggregate not less than three-quarters of the aggregate nominal amount of Perpetual Capital Securities for the time being outstanding.

As Accountholders (and persons holding interests in Perpetual Capital Securities via an Accountholder) will not be members of the Society, they will also not be entitled to any Society Conversion Benefits (including any rights to windfall payments) arising on a demutualisation or merger or amalgamation of the Society. Any Society Conversion Benefits arising on a demutualisation or merger or amalgamation of the Society will belong instead to the Nominee, as the registered holder of the Perpetual Capital Securities in the Perpetual Capital Securities Register. The Nominee will, on or prior to the date of issue of the Perpetual Capital Securities, irrevocably agree to assign to the Community Foundation serving Tyne & Wear and Northumberland (or such other charity nominated by the Society from time to time pursuant to any scheme for charitable assignment established by the Society for the time being) any Society Conversion Benefits.

Record Date

For so long as all Perpetual Capital Securities are held in the Clearing Systems, the Record Date shall be determined in accordance with Condition 9.1 provided that the words "fifteenth day" shall be deemed to be replaced with "ICSD Business Day" (where "ICSD Business Day" means a day on which the Clearing Systems are open for business).

Prescription

Claims against the Society in respect of any amounts payable in respect of the Perpetual Capital Securities represented by this Global Certificate will be prescribed after 12 years from the appropriate Relevant Date and shall revert to the Society.

Conversion, repayment, substitution or purchase and cancellation

Cancellation of any Perpetual Capital Securities which are Converted, or which are repaid, substituted or purchased and surrendered for cancellation in accordance with Condition 7, will be effected by a corresponding reduction in the nominal amount of Perpetual Capital Securities represented by this Global Certificate.

Any Conversion of Perpetual Capital Securities held in the Clearing Systems will be effected in accordance with the procedures set out in the Conversion Notice referred to in Condition 8.2 and otherwise in accordance with the relevant procedures of the Clearing Systems.

Any substitution of the Perpetual Capital Securities for Compliant Securities under Condition 7.5 will be effected in accordance with the procedures set out in the notice of substitution given by the Society to the Securityholders under that Condition and otherwise in accordance with the relevant procedures of the Clearing Systems.

Direct Rights

Subject as follows, upon a breach of contract by the Society (which shall, for the purposes of this paragraph "*Direct Rights*", include a Securityholder becoming entitled to bring any action against the Society as contemplated by Condition 14.2) or upon a winding up or dissolution of the Society, each Accountholder at the time of such breach or (as the case may be) at commencement of such winding up or dissolution (each a "**Relevant Person**") shall (for the purpose only of bringing an action for such breach of contract or, as the case may be, claiming in the winding up or dissolution of the Society in accordance with Condition 4) acquire against the Society all those rights ("**Direct Rights**") which such Relevant Person would have had if, at the time of the relevant breach of contract or (as the case may be) at commencement of such winding up or dissolution, such Relevant Person had been identified in the Perpetual Capital Securities Register as the registered holder of such nominal amount of Perpetual Capital Securities (the "**Underlying Perpetual Capital Securities**") as is equal to the nominal amount of Perpetual Capital Securities which are credited to such Relevant Person's securities account with the relevant Clearing System at such time.

The Relevant Persons will acquire such Direct Rights only in the circumstances and for the purposes described in the preceding paragraph and for no other purpose. Such Direct Rights will be acquired in lieu and to the exclusion of the corresponding rights of the Nominee in respect of the relevant Perpetual Capital Securities. Direct Rights will be acquired automatically at the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution, without the need for any further action on behalf of any person. This Global Certificate is executed by the Society as a deed and shall take effect as a deed poll for the benefit of the Relevant Persons to enable them to exercise their Direct Rights as described herein. The Society's obligations to Relevant Persons as described herein shall be a separate and independent obligation to each Relevant Person by reference to each Underlying Perpetual Capital Security of such Relevant Person, and the Society agrees that a Relevant Person may assign such Direct Rights in whole or in part.

The records of the Clearing Systems shall be conclusive evidence of the identity of the Relevant Persons and the nominal amount of Underlying Perpetual Capital Securities credited to the securities account of each Relevant Person. For these purposes, a statement issued by the relevant Clearing System stating the name of the Relevant Person to which the statement is issued and the nominal amount of Underlying Perpetual Capital Securities credited to the securities account of such Relevant Person as at the opening of business on the first Business Day following the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution, shall be conclusive evidence of the records of the relevant Clearing System at the time of the relevant breach of contract or (as the case may be) at commencement of the winding up or dissolution.

The Clearing Systems

References in this Global Certificate to the Clearing Systems shall be deemed to include references to any other clearing system approved for the purposes of the Perpetual Capital Securities by the Registrar.

Succession and Transfers

Upon a transfer by the Society of the whole of its business to a Successor Entity in accordance with Condition 13.2, the Nominee will (unless otherwise agreed as part of the terms of the transfer at the relevant time) direct that the Bonds, or as the case may be, Qualifying Parent Securities to be delivered to it shall instead be delivered directly to (or to the order of) the Accountholders as if those Accountholders had, at the vesting date, held in definitive form the nominal amount of Perpetual Capital Securities corresponding to their book-entry interests in the Clearing Systems in the Perpetual Capital Securities at that time.

Rights of third parties

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

Governing law

This Global Certificate and any non-contractual obligations arising out of or connection with this Global Certificate are governed by, and shall be construed in accordance with, English law.

This Global Certificate shall not be valid unless authenticated by Citibank, N.A., London Branch as Registrar.

IN WITNESS whereof the Society has executed and delivered this Global Certificate as a deed on the date specified below.

THE COMMON SEAL of)
NEWCASTLE BUILDING SOCIETY)
was affixed to this deed under the authority of its)
board of directors and countersigned by:)

Signature:

Signature:

Name:

Name:

Title:

Title:

Address:

Address:

.....

.....

.....

.....

Issued and delivered in London, England on 6 December 2024.

Certificate of authentication

This Global Certificate is duly authenticated without recourse, warranty or liability.

.....

Duly authorised
for and on behalf of
Citibank, N.A., London Branch
as Registrar

FORM OF TRANSFER

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

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

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

£.....

in aggregate nominal amount of Perpetual Capital Securities (being the aggregate nominal amount of Perpetual Capital Securities noted on the Perpetual Capital Securities Register at the time of this transfer) and all rights under such Perpetual Capital Securities, irrevocably constituting and appointing Citibank, N.A., London Branch as attorney to transfer such nominal amount of Perpetual Capital Securities in the Perpetual Capital Securities Register maintained by or on behalf of Newcastle Building Society with full power of substitution.

Signature(s)

.....

Date:

NOTE:

- This form of transfer must be executed under the hand of the transferor or, if the transferor is a corporation, this form of transfer must be executed either under its common seal or, if this has binding effect under all applicable laws, under the hand of two directors, or a director and the company secretary, of the transferor, or otherwise as may be permitted by law, and accompanied by evidence satisfactory to the Registrar of the authority of the persons signing.*

SCHEDULE A

Aggregate nominal amount of Perpetual Capital Securities represented by this Global Certificate

The following (i) exchanges of this Global Certificate for Certificates (only in the limited circumstances set forth in this Global Certificate), (ii) cancellations of interests in this Global Certificate and/or (iii) issues of additional Perpetual Capital Securities being consolidated and forming a single series with the Perpetual Capital Securities originally represented by this Global Certificate have been effected, resulting in the aggregate nominal amount of Perpetual Capital Securities represented by this Global Certificate being the amount specified in the latest entry in the fourth column:

Date	Amount of increase/ decrease in aggregate nominal amount of Perpetual Capital Securities represented by this Global Certificate	Reasons for increase/ decrease (initial issue, additional issue, repayment, substitution, cancellation, exchange for definitive Certificates)	Aggregate nominal amount of Perpetual Capital Securities represented by this Global Certificate following such increase/ decrease	Notation made by or on behalf of the Registrar
6 December 2024	£40,000,000 increase	Initial issue	£40,000,000	

SCHEDULE B

The following payments have been made in respect of the Perpetual Capital Securities represented by this Global Certificate:

Date	Nature of payment (e.g. interest payment or repayment of nominal)	Amount due (£)	Amount paid (£)	Shortfall (if any) (£)	Notation made by or on behalf of the Registrar
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SCHEDULE 2

FORM OF DEFINITIVE CERTIFICATE AND CONDITIONS OF THE PERPETUAL CAPITAL SECURITIES

PART 1

FORM OF DEFINITIVE CERTIFICATE

NEITHER THIS CERTIFICATE NOR ANY SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NEITHER THIS CERTIFICATE NOR ANY SECURITIES REPRESENTED BY THIS CERTIFICATE NOR ANY INTEREST OR PARTICIPATION HEREIN OR THEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

The Perpetual Capital Securities are deferred shares in the Society for the purposes of section 119 of the Building Societies Act 1986, as amended, and will not be protected deposits for the purposes of the Financial Services Compensation Scheme established under the Financial Services and Markets Act 2000, as amended.

(Face of Security)

ISIN: XS2925943305
Common Code: 292594330

Certificate No. [000001]

NEWCASTLE BUILDING SOCIETY

(incorporated in England under the Building Societies Act 1986, as amended)

DEFINITIVE CERTIFICATE

representing

£*[amount]*

Perpetual Contingent Convertible Additional Tier 1 Capital Securities

The issue of Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Perpetual Capital Securities**") in an aggregate principal amount of £40,000,000 was duly authorised by the Board of Directors of Newcastle Building Society (the "**Society**") by resolutions passed on 2 October 2024 and 3 December 2024 and by a duly authorised committee of the Board of Directors of the Society by resolutions passed on 21 October 2024.

This Certificate represents Perpetual Capital Securities forming part of a series of Perpetual Capital Securities issued by the Society in registered form.

THIS IS TO CERTIFY that:

is/are the registered holder(s) of:

£[amount] ([in words] pounds sterling)

in nominal amount of Perpetual Capital Securities referred to above and is/are entitled to receive on each Interest Payment Date (as defined in the conditions of issue of the Perpetual Capital Securities (the "**Conditions**") endorsed on this Certificate) all interest payments which are, subject to Conditions 4.4, 6 and 8, due and payable on (subject as provided in Condition 9.5) such Interest Payment Date and any other amounts payable in respect of the Perpetual Capital Securities represented by this Certificate pursuant to the Conditions, all subject to and in accordance with the Conditions.

The Perpetual Capital Securities are issued with the benefit of and subject to an Agency Agreement dated 6 December 2024 (as amended from time to time, the "**Agency Agreement**") between the Society and Citibank, N.A., London Branch as Registrar and Principal Paying Agent. The Perpetual Capital Securities have the benefit of, and are subject to, the provisions contained in the Agency Agreement and the Conditions.

This Certificate and any non-contractual obligations arising out of or connection with this Certificate are governed by, and shall be construed in accordance with, English law.

This Certificate shall not become valid for any purpose unless and until it has been authenticated by or on behalf of the Registrar.

IN WITNESS whereof this Certificate has been executed on behalf of the Society.

NEWCASTLE BUILDING SOCIETY

By: Dated: 20.....

CERTIFICATE OF AUTHENTICATION

This is one of the Certificates described in the Agency Agreement.

By or on behalf of
Citibank, N.A., London Branch as Registrar

.....
(without recourse, warranty or liability)

(Reverse of Security)

CONDITIONS OF THE PERPETUAL CAPITAL SECURITIES

(as set out in Part 2 of this Schedule 2)

REGISTRAR AND PRINCIPAL PAYING AGENT

CITIBANK, N.A., LONDON BRANCH

6th Floor
Citigroup Centre
Canada Square
Canary Wharf
E14 5LB
United Kingdom

and/or such other or further Registrar and Principal Paying Agent and/or specified offices as may from time to time be appointed by the Society and notice of which has been given to the Securityholders.

FORM OF TRANSFER OF SECURITIES

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

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

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

£.....

in nominal amount of Perpetual Capital Securities represented by this Certificate and all rights under this Certificate in respect of such transferred Perpetual Capital Securities, irrevocably constituting and appointing Citibank, N.A., London Branch as attorney to transfer such nominal amount of Perpetual Capital Securities in the Perpetual Capital Securities Register maintained by or on behalf of Newcastle Building Society with full power of substitution.

Signature(s)

.....

Date:

NOTE:

1. This form of transfer must be accompanied by such documents, evidence and information as may be required pursuant to the Conditions endorsed on the Certificate to which this form of transfer relates and must be executed under the hand of the transferor or, if the transferor is a corporation, this form of transfer must be executed either under its common seal or, if this has binding effect under all applicable laws, under the hand of two directors, or a director and the company secretary, of the transferor, or otherwise as may be permitted by law, and accompanied by evidence satisfactory to the Registrar of the authority of the persons signing.
2. The signature(s) on this form of transfer must correspond with the name(s) as it/they appear(s) on the face of this Certificate in every particular, without alteration or enlargement or any change whatever.

PART 2

CONDITIONS OF ISSUE OF THE PERPETUAL CAPITAL SECURITIES

The £40,000,000 Perpetual Contingent Convertible Additional Tier 1 Capital Securities (the "**Perpetual Capital Securities**", which term shall, unless the context otherwise requires, include any Further Perpetual Capital Securities issued pursuant to Condition 16(a)) are issued under, and are subject to, the Rules (the "**Rules**") of Newcastle Building Society (subject as provided in Condition 1.3, the "**Society**") for the time being. Securityholders are entitled to the benefit of, are bound by and are deemed to have notice of, the Rules. The Perpetual Capital Securities are also issued subject to, and with the benefit of, these conditions of issue (the "**Conditions**", and references to a particularly numbered "**Condition**" shall be construed accordingly) and subject to an agency agreement (as amended from time to time, the "**Agency Agreement**") dated 6 December 2024 between the Society and Citibank, N.A., London Branch as registrar and transfer agent (in such capacities, the "**Registrar**") and principal paying agent (in such capacity, the "**Principal Paying Agent**"). In the event of inconsistency between the Rules, these Conditions and the Agency Agreement, the Rules will prevail and, subject thereto, in the event of inconsistency between these Conditions and the Agency Agreement, these Conditions will prevail. Securityholders are bound by and are deemed to have notice of all the provisions of the Agency Agreement applicable to them.

1 General

1.1 Definitions

Terms defined in the Rules will, unless otherwise defined herein or unless the context otherwise requires, have the same meanings when used in these Conditions. Other capitalised terms used in these Conditions shall have the meanings set out herein, including in Condition 20.

1.2 Deferred shares

The Perpetual Capital Securities:

- (a) are deferred shares for the purposes of section 119 of the Act;
- (b) are not protected deposits for the purpose of the Financial Services Compensation Scheme established under the FSMA;
- (c) are not withdrawable; and
- (d) are Deferred Shares (but not Core Capital Deferred Shares) for the purposes of the Rules.

1.3 Society Conversion Benefits

Rights to Society Conversion Benefits to which a Securityholder may become entitled by reason of its holding of Perpetual Capital Securities shall be required to be assigned to the Community Foundation serving Tyne & Wear and Northumberland (or such other charity nominated by the Society from time to time pursuant to any scheme for charitable assignment established by the Society for the time being) (the "**Charity Assignee**").

As used herein, "**Society Conversion Benefits**" shall mean any benefits under the terms of any future transfer of the Society's business to a company (other than rights to receive Bonds issued by the Successor Entity or, as the case may be, Qualifying Parent Securities issued by a Qualifying Parent (following the assumption of the Subordinated Deposit) as provided in Condition 13) and, if the Society amalgamates or merges with any other building society, "**Society**" shall, after the date of such amalgamation or merger, extend to such other society.

1.4 *Waiver of Society Conversion Benefits*

If a Securityholder fails to assign any Society Conversion Benefits as required pursuant to Condition 1.3, it acknowledges that it waives its entitlement to retain any Society Conversion Benefits received by it and covenants promptly to pay and deliver such Society Conversion Benefits to the Charity Assignee and until such time as payment is made, will hold a sum equal to such amount on trust for the Charity Assignee.

2 Form, denomination, title and transfer

2.1 *Form and denomination*

The Perpetual Capital Securities are in registered form and are available and transferable in accordance with the Rules in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof.

2.2 *Title and transfer*

Title to the Perpetual Capital Securities passes only by registration in the Perpetual Capital Securities Register. The holder of any Perpetual Capital Security will (except as otherwise required by law) be treated as its absolute owner for all purposes (regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder.

No transfer of Perpetual Capital Securities shall be valid unless made in the form endorsed on the Certificate or in such other form as the Society may agree, which form shall be duly completed and signed (as appropriate) and presented to the Registrar. Title to the Perpetual Capital Securities will pass upon registration of such transfer in the Perpetual Capital Securities Register.

2.3 *Certificates*

A certificate (each a "**Certificate**") will, if so requested in writing by such Securityholder and subject to Condition 3.3, be issued to each Securityholder in respect of its registered holding of Perpetual Capital Securities. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Perpetual Capital Securities Register, and will specify the nominal amount of Perpetual Capital Securities registered in the name of such holder(s) as at the time of issue of such Certificate.

Each new Certificate to be issued following a transfer will be mailed by uninsured mail at the risk of the holder entitled to the Perpetual Capital Securities to the address specified in the form of transfer within 14 days of the date of registration of the transfer in the Perpetual Capital Securities Register (or, if later, within 14 days of the written request of the relevant Securityholder to be issued a Certificate).

Where some but not all of the Perpetual Capital Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the nominal amount of Perpetual Capital Securities not so transferred will, within 14 days of receipt by the Registrar of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Perpetual Capital Securities not so transferred to the address of such holder appearing on the Perpetual Capital Securities Register or as specified in the form of transfer.

2.4 *Formalities free of charge*

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

3 Perpetual Capital Securities Register

3.1 Registrar

The Society has appointed the Registrar to act as registrar in respect of the Perpetual Capital Securities under the terms of the Agency Agreement.

3.2 Perpetual Capital Securities Register

Pursuant to the Agency Agreement, the Society shall procure that the Registrar maintains the Perpetual Capital Securities Register, in which shall be entered the name and address of each Securityholder and the nominal amount of the Perpetual Capital Securities held by each such Securityholder. Each Securityholder shall notify the Registrar immediately of any change of name or address and shall produce such evidence of change of name or address as the Registrar may reasonably require.

3.3 Certificates

A Securityholder must provide the Registrar with a written order containing such instructions and other information as the Society and the Registrar may reasonably require to complete, execute and deliver a Certificate to such Securityholder.

3.4 Entries free of charge

Transfers and other documents or instructions relating to or affecting the title of any Perpetual Capital Securities shall be recorded in the Perpetual Capital Securities Register. Subject as provided in Condition 2.4, no charge shall be made in respect of any entry in the Perpetual Capital Securities Register or any change in relation to such entry. The Perpetual Capital Securities Register shall be maintained at the specified office of the Registrar or at such other place as the Society and the Registrar shall agree.

4 Status, subordination and rights on a winding up or dissolution

4.1 Status

The Perpetual Capital Securities constitute direct, unsecured and subordinated investments in the Society and, on a winding up or dissolution of the Society, rank *pari passu* and without any preference among themselves. The rights and claims of the Securityholders are subordinated as described in Conditions 4.2 and 4.3, and are subject to Conversion of the Perpetual Capital Securities as provided in Condition 8. No security or guarantee has been, or will at any time be, provided by the Society or any other person to the Securityholders in respect of their rights under the Perpetual Capital Securities.

4.2 Subordination

On a winding up or dissolution of the Society which commences prior to the Conversion Date (save as otherwise provided in an Excluded Dissolution), the rights and claims of Securityholders in respect of their Perpetual Capital Securities (including claims for any damages awarded in respect thereof) shall, subject to applicable insolvency law, rank:

(i) junior to:

- (A) the claims of all creditors (including all subordinated creditors) and Shareholding Members (as regards the principal of and interest due on such Shareholding Members' Shares) of the Society, including (without limitation) claims in respect of obligations of the Society which constitute Tier

2 Capital, but excluding claims in respect of Deferred Shares which are (or the claims in respect of which are) Parity Obligations or Junior Obligations; and

(B) the claims of all Shareholding Members (as regards the principal of and interest due on such Shareholding Members' Shares) of the Society in respect of:

(1) (for so long as any of the same remain outstanding) the Existing PIBS; and

(2) any other Deferred Shares in the Society except for Deferred Shares which are (or the claims in respect of which are) Parity Obligations or Junior Obligations,

(claims preferred under this subparagraph (i) being, collectively, "**Senior Obligations**");

(ii) *pari passu* among themselves and with any other claims ranking, or expressed by their terms to rank, *pari passu* with claims in respect of the Perpetual Capital Securities ("**Parity Obligations**"); and

(iii) senior to all claims under any Core Capital Deferred Share of the Society and any other claims ranking, or expressed by their terms to rank, junior to the claims in respect of the Perpetual Capital Securities or any Parity Obligations ("**Junior Obligations**").

As used herein, "**Core Capital Deferred Share**", "**Deferred Share**", "**Share**" and "**Shareholding Member**" have the respective meanings ascribed thereto in the Rules.

4.3 *Rights on a winding up or dissolution of the Society*

Holders of the Perpetual Capital Securities shall, in a winding up or dissolution of the Society (save as otherwise provided in an Excluded Dissolution) which commences prior to any Conversion Date determined in accordance with Condition 8, be entitled to claim for the nominal amount of their Perpetual Capital Securities together with accrued but unpaid interest thereon (excluding interest which has been cancelled in accordance with these Conditions) and any damages awarded in respect thereof, *provided that* such claim shall be conditional upon all sums due in respect of claims in such winding up or dissolution in relation to Senior Obligations having first been paid in full.

For the avoidance of doubt, on a winding up or dissolution of the Society which commences prior to the Conversion Date, the holders of the Perpetual Capital Securities shall have no claim in respect of the surplus assets (if any) of the Society remaining in any winding up or dissolution following payment of all amounts due in respect of the liabilities of the Society.

On a winding up or dissolution of the Society which commences on or after the Conversion Date but before the relevant CCDS have been issued as provided in Condition 8, the Securityholders shall have only those rights as set out in Condition 8.3.

4.4 *Solvency Test*

No payment of principal, interest or any other amount in respect of the Perpetual Capital Securities shall become due and payable unless, and to the extent that, the Society is able to make such payment and still be solvent immediately thereafter, in each case except in the winding up or dissolution of the Society (the "**Solvency Test**").

For this purpose, the Society shall be considered to be "**solvent**" if (x) it is able to pay its debts which are Senior Obligations as they fall due and (y) its Assets exceed its Liabilities. A report as to the solvency of the Society by two appropriately authorised signatories or, if the Society is in a winding up or dissolution, its liquidator or other

analogous entity (as the case may be), shall, in the absence of manifest error, be treated and accepted by the Society and the Securityholders as correct and sufficient evidence thereof.

Any payment of interest not due on a scheduled payment date by virtue of the Solvency Test shall not be or become due and payable at any time and shall be cancelled, as further described in Condition 6.3.

4.5 *Set-off, etc.*

Subject to applicable law, no holder of any Perpetual Capital Security (or any interest therein) may exercise, claim or plead any right of set-off (including, without limitation, compensation or retention), counterclaim or netting in respect of any amount owed to it by the Society in respect of, or arising under or in connection with, the Perpetual Capital Securities and each such holder shall, by virtue of its holding of any Perpetual Capital Security (or any interest therein), be deemed to have waived all such rights of set-off (including, without limitation, compensation or retention), counterclaim or netting. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of any Perpetual Capital Security (or any interest therein) by the Society in respect of, or arising under or in connection with, the Perpetual Capital Securities is discharged by set-off (including, without limitation, compensation or retention), counterclaim or netting, such holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Society (or, in the event of its winding up or dissolution, the liquidator, receiver or other relevant insolvency official with primary responsibility for the winding up or dissolution of the Society) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Society (or the liquidator, receiver or, as appropriate, such relevant insolvency official (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

4.6 *Enforcement*

A holder of any Perpetual Capital Securities may institute such steps, actions or proceedings against the Society as it may think fit to enforce any term or condition binding on the Society under the Perpetual Capital Securities (other than any payment obligation of the Society under or arising from the Perpetual Capital Securities, including, without limitation, payment of any principal or interest in respect of the Perpetual Capital Securities, and payment of any damages awarded for breach of any obligations or, as the case may be, for any Assumed Breach, by the Society in respect of the Perpetual Capital Securities), *provided that* (except in a winding up or dissolution of the Society, in which event the provisions of Condition 4.3 shall apply) in no event shall the Society, 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.

Nothing in this Condition 4.6 shall prevent a holder of any Perpetual Capital Securities from exercising its rights to claim in respect of its Perpetual Capital Securities in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3.

5 Interest

5.1 *Interest Rate*

The Perpetual Capital Securities bear interest on their outstanding nominal amount from (and including) the Issue Date at the applicable Interest Rate in accordance with the provisions of this Condition 5.

Subject to Conditions 4.4, 6 and 8, interest shall be payable on the Perpetual Capital Securities semi-annually in arrear in equal instalments on (subject as provided in Condition 9.5) each Interest Payment Date as provided in this Condition 5.

Where it is necessary to compute an amount of interest in respect of any Perpetual Capital Security for a period which is less than a full Interest Period, the relevant day-count fraction (the "**Day-Count Fraction**") shall be determined on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date multiplied by two.

5.2 Interest accrual

The Perpetual Capital Securities will cease to bear interest from (and including):

- (i) in the case of repayment pursuant to Condition 7.2, 7.3 or 7.4, the date of repayment thereof unless, upon surrender of the relevant Certificate, payment of all amounts due in respect of such Perpetual Capital Securities is not properly and duly made, in which event interest shall continue to accrue on the Perpetual Capital Securities, both before and after judgment, and shall be payable, subject as provided in these Conditions, up to (but excluding) the Relevant Date;
- (ii) in the case of substitution of the Perpetual Capital Securities for Compliant Securities under Condition 7.5, the date of such substitution (without prejudice to the accrual of interest under the Compliant Securities from (and including) such date); and
- (iii) in the case of Conversion pursuant to Condition 8, the Conversion Date.

5.3 Calculation of interest amounts

Interest in respect of any Perpetual Capital Security shall be calculated per Calculation Amount. The amount of interest payable (subject to Conditions 4.4, 6 and 8) in respect of a Perpetual Capital Security for a relevant period shall be calculated by (i) determining the product of the Calculation Amount, the relevant Interest Rate and the Day-Count Fraction (as described in Condition 5.1) for the relevant period, (ii) rounding the resultant figure to the nearest £0.01 (£0.005 being rounded upwards) and (iii) multiplying that rounded figure by a fraction the numerator of which is the nominal amount of such Perpetual Capital Security and the denominator of which is the Calculation Amount.

5.4 Initial Interest Rate and interest amounts

For each Interest Period which commences prior to the First Reset Date, the Interest Rate shall be 14.000 per cent. per annum (the "**Initial Interest Rate**").

Subject to Conditions 4.4, 6 and 8, each semi-annual interest payment for each Interest Period which commences prior to the First Reset Date will (if paid in full) amount to £70.00 per Calculation Amount.

5.5 Reset Interest Rate

For each Interest Period which commences on or after the First Reset Date, the Interest Rate shall be the Reset Interest Rate applicable to the Reset Period in which that Interest Period falls, as calculated by the Principal Paying Agent.

5.6 Determination of the Reset Interest Rate in relation to a Reset Period

The Principal Paying Agent will, as soon as practicable after 11.00 a.m. (London time) on each Reset Determination Date in relation to a Reset Period, determine the Reset Interest Rate for such Reset Period and

shall promptly notify the Society thereof. The Society shall cause notice of the relevant Reset Interest Rate and the amount of interest which, subject to Conditions 4.4, 6 and 8, will be payable per Calculation Amount to be given to the Securityholders in accordance with Condition 17 as soon as reasonably practicable after each relevant Reset Determination Date. Such determination of the relevant Reset Interest Rate shall (in the absence of manifest or proven error) be binding on the Society and the Securityholders.

6 Interest cancellation

6.1 *Optional cancellation of interest*

The Society may, at its sole discretion but subject at all times to the requirements for mandatory cancellation of interest payments pursuant to Condition 4.4 or Condition 6.2, at any time elect to cancel any interest payment, in whole or in part, which is scheduled to be paid on any date.

Upon a decision by the Society to elect to cancel (in whole or in part) any interest payment under this Condition 6.1, the Society shall give notice of such election to the Securityholders in accordance with Condition 17 as soon as reasonably practicable on or prior to the relevant scheduled date for payment, *provided that* any delay in giving or failure to give such notice shall not affect the validity of the cancellation of any interest payment in whole or in part by the Society and shall not constitute a default under the Perpetual Capital Securities or for any purpose. Such notice shall specify the amount of the relevant cancellation and, accordingly, the amount (if any) of the relevant interest payment that will be paid on the relevant payment date.

If the Society does not pay any interest payment (or any part thereof) on any scheduled payment date, such non-payment shall evidence the Society's exercise of discretion to cancel such interest payment (or the relevant part thereof) in accordance with this Condition 6.1 or (if applicable) the obligation of the Society to cancel such interest payment (or the relevant part thereof) in accordance with Condition 4.4, Condition 6.2 or Condition 8) and such interest payment (or the cancelled part thereof) shall not become due and payable at any time.

6.2 *Mandatory cancellation of interest*

(i) Cancellation at the direction of the Regulator

The Society shall cancel any interest payment, in whole or in part, if so directed by the Regulator.

(ii) Cancellation due to insufficient Distributable Items

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date if and to the extent that the amount of such interest payment otherwise due (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), together with any interest payments or distributions which have been paid or made or which are required to be paid or made during the then current Financial Year on the Perpetual Capital Securities and on other own funds items (excluding any such interest payments or other distributions which (i) are not required to be made out of Distributable Items or (ii) have already been provided for, by way of deduction, in the calculation of Distributable Items), shall, in aggregate, exceed the amount of Distributable Items of the Society as at such payment date.

"Distributable Items" means, in respect of any interest payment, those profits and reserves (if any) of the Society which are available, in accordance with applicable law and regulation (including the then-prevailing Capital Regulations) for the time being, for the payment of such interest payment (on the basis that the Perpetual Capital Securities are intended to qualify as Additional Tier 1 Capital).

(iii) *Cancellation due to a Maximum Distributable Amount*

To the extent required under then prevailing Capital Regulations, the Society shall not pay any interest payment otherwise due on any date, and the relevant payment will be cancelled and will not be made, if and to the extent that payment of such interest payment (together with any Additional Amounts payable thereon pursuant to Condition 10, if applicable), when aggregated together with the amounts of any distributions of the kind referred to in rule 4.3(2) of Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced from time to time) and/or referred to in any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement (in each case to the extent then applicable to the Society), would cause any Maximum Distributable Amount (if any) then applicable to the Society to be exceeded.

"**Maximum Distributable Amount**" means any applicable maximum distributable amount relating to the Society required to be calculated in accordance with Chapter 4 (*Capital Conservation Measures*) of the Part of the PRA Rulebook entitled "*Capital Buffers*" (as the same may be amended or replaced from time to time) and/or in accordance with any other applicable provisions of the Capital Regulations which require a maximum distributable amount to be calculated if the Society is failing to meet any relevant requirement or any buffer relating to any such requirement.

(iv) *Effect of cancellation*

Upon the Society being prohibited from making any interest payment (in whole or in part) by virtue of the Solvency Test in Condition 4.4 or under this Condition 6.2, the Society shall as soon as reasonably practicable on or prior to the relevant scheduled payment date give notice of such non-payment and the reason therefor to the Securityholders in accordance with Condition 17, *provided that* any delay in giving or failure to give such notice shall not affect the cancellation of any interest payment in whole or in part by the Society and shall not constitute a default under the Perpetual Capital Securities or for any purpose.

6.3 *Interest non-cumulative; no default*

Any interest payment (or part thereof) not paid on any relevant payment date by reason of Condition 4.4, 6.1, 6.2 or 8 shall be cancelled and shall not accumulate and will not become due or payable at any time thereafter. Non-payment of any interest payment (or part thereof) in accordance with any of Condition 4.4, 6.1, 6.2 or 8 will not constitute an event of default by the Society for any purpose, and the Securityholders shall have no right thereto whether in a winding up or dissolution of the Society or otherwise. The Society may use such cancelled amounts of interest without restriction and the cancellation of such interest amounts will neither impose any restrictions on the Society nor prevent or restrict the Society from declaring or making any distributions or interest payments on any of its shares or other instruments or obligations.

7 **Repayment, substitution, variation and purchase**

7.1 *No fixed maturity*

The Perpetual Capital Securities constitute permanent non-withdrawable deferred shares (as defined in the Act) in the Society and have no fixed repayment date. Securityholders do not have any right to require the Society to repay the Perpetual Capital Securities (but this is without prejudice to their rights to claim in a winding up or dissolution of the Society pursuant to, and in accordance with, Condition 4.3). The Perpetual Capital Securities will become repayable only as provided in this Condition 7 and in Condition 4.3.

7.2 *Society's option to repay (including clean-up call)*

The Society may in its sole discretion, subject to Condition 7.6 and having given not less than 10 nor more than 30 days' notice to the Securityholders in accordance with Condition 17 (which notice shall specify the intended date of repayment and shall, subject to Condition 7.6, be irrevocable), elect to repay all, but not some only, of the Perpetual Capital Securities then outstanding:

- (i) *Optional repayment*: on any date during a Par Call Period; or
- (ii) *Clean-up call*: on any date if 75 per cent. or more of the aggregate nominal amount of the Perpetual Capital Securities originally issued (and, for this purpose, any Further Perpetual Capital Securities issued pursuant to Condition 16(a) shall be deemed to have been originally issued) has been repaid or purchased and cancelled,

in each case at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Perpetual Capital Securities accordingly.

7.3 Repayment for tax reasons

If a Tax Event occurs and is continuing, the Society may in its sole discretion, at any time but subject to Condition 7.6 and having given not less than 10 nor more than 60 days' notice to the Securityholders in accordance with Condition 17 (which notice shall specify the intended date of repayment and shall, subject to Condition 7.6, be irrevocable), elect to repay all, but not some only, of the Perpetual Capital Securities then outstanding at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Perpetual Capital Securities accordingly.

As used herein:

A "**Tax Event**" will occur if, as a result of a change in, or amendment to, the laws or regulations of any Relevant Tax Jurisdiction (as defined in Condition 10), including any treaty to which the Relevant Tax Jurisdiction is a party, or a change in the official application or interpretation of those laws or regulations, on or after the Reference Date, including a decision of any court or tribunal which becomes effective on or after the Reference Date (a "**Tax Law Change**");

- (i) in making any payments on the Perpetual Capital Securities, the Society has paid or will or would on the next payment date be required to pay Additional Amounts (as defined in Condition 10); or
- (ii) the Society would not be entitled to claim a deduction in respect of any interest payable (or, if relevant, equivalent expense accruing) in respect of the Perpetual Capital Securities in computing its taxation liabilities or the amount of any such deduction would be materially reduced; or
- (iii) the Society would have to bring into account a taxable credit in connection with a Conversion (or, in the circumstances contemplated in Condition 13.3, a permanent write-down) of the Perpetual Capital Securities; or
- (iv) the Perpetual Capital Securities are or would be prevented from being treated as loan relationships for tax purposes in the Relevant Tax Jurisdiction; or

- (v) the Perpetual Capital Securities or any part thereof are or would be treated as a derivative or an embedded derivative for tax purposes in the Relevant Tax Jurisdiction; or
- (vi) the Society incurs or would incur any other taxation liability or liabilities as a consequence of changes in the value of the Perpetual Capital Securities for accounting purposes or any other relevant taxation purposes,

in each case provided that the consequences of such event cannot be avoided by the Society taking reasonable measures available to it.

The Society shall make available to the Principal Paying Agent, for inspection by Securityholders at its specified office, at the same time as giving a notice to repay under this Condition 7.3, a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Relevant Tax Jurisdiction experienced in such matters to the effect that the circumstances set out in one or more of limbs (i) to (vi) of the definition of Tax Event have occurred and are continuing (but such opinion need not comment on whether the consequences of such event can be avoided by the Society taking reasonable measures available to it).

7.4 *Repayment for regulatory reasons*

If a Regulatory Event occurs and is continuing, the Society may in its sole discretion, at any time but subject to Condition 7.6 and having given not less than 10 nor more than 60 days' notice to the Securityholders in accordance with Condition 17 (which notice shall specify the intended date of repayment and shall, subject to Condition 7.6, be irrevocable), elect to repay all, but not some only, of the Perpetual Capital Securities then outstanding at their nominal amount together with accrued but unpaid interest thereon up to (but excluding) the date of repayment (excluding interest which has been cancelled in accordance with these Conditions).

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, repay the Perpetual Capital Securities accordingly.

A "**Regulatory Event**" will occur if, as a result of a change (or pending change) in the regulatory classification of the Perpetual Capital Securities under the Capital Regulations, the entire nominal amount of the Perpetual Capital Securities or any part thereof ceases (or would cease) to be part of the Society's Tier 1 Capital (whether on an individual consolidated basis or any other Applicable Prudential Basis).

7.5 *Substitution or variation*

If a Regulatory Event or a Tax Event has occurred and is continuing, then the Society may, in its sole discretion but subject to Condition 7.6, having given not less than 10 nor more than 60 days' notice to Securityholders in accordance with Condition 17 (which notice shall specify the date for substitution or variation, as the case may be, of the Perpetual Capital Securities and shall, subject to Condition 7.6 and as set out in this Condition 7.5, be irrevocable) and the Principal Paying Agent, at its option and without any requirement for the consent or approval of the Securityholders, at any time either substitute all (but not some only) of the Perpetual Capital Securities for, or vary the terms of the Perpetual Capital Securities so that they remain or, as appropriate, become, Compliant Securities.

Upon the expiry of such notice, the Society shall, subject to Condition 7.6, either vary the terms of or substitute the Perpetual Capital Securities, as the case may be, in accordance with this Condition 7.5, *provided that* if, for any reason, the Society is unable to effect such substitution or variation, it may elect instead to repay the Perpetual Capital Securities pursuant to, and as provided in, Condition 7.3 or 7.4 (as appropriate).

The Principal Paying Agent has, in the Agency Agreement, undertaken to use its reasonable endeavours to assist the Society in the substitution or variation of the Perpetual Capital Securities pursuant to this Condition 7.5, subject to certain protections for the Principal Paying Agent.

Prior to the publication of any notice of substitution or variation pursuant to this Condition 7.5, the Society shall deliver to the Principal Paying Agent a certificate signed by two appropriately authorised signatories of the Society stating that the conditions precedent for substituting or, as the case may be, varying the terms of the Perpetual Capital Securities pursuant to this Condition 7.5 have been met and that the terms of the relevant Compliant Securities comply with the definition thereof in Condition 20. By its acquisition of any Perpetual Capital Security (or any interest therein) each Securityholder accepts and acknowledges that such certificate shall (in the absence of manifest error) be sufficient evidence of the satisfaction of such conditions precedent and will be conclusive and binding on the Society, the Principal Paying Agent, the Securityholders and any other interested persons.

In respect of any notice of substitution or variation pursuant to this Condition 7.5 given on the basis that a Tax Event has occurred and is continuing, the Society shall make available to the Principal Paying Agent, for inspection by Securityholders at its specified office, at the same time as giving such notice, a copy of an opinion of an independent nationally recognised law firm or other tax adviser in the Relevant Tax Jurisdiction experienced in such matters to the effect that the circumstances set out in one or more of limbs (i) to (vi) of the definition of Tax Event have occurred and are continuing (but such opinion need not comment on whether the consequences of such event can be avoided by the Society taking reasonable measures available to it).

In connection with any substitution or variation in accordance with this Condition 7.5, the Society shall comply with the rules of any stock exchange on which the Perpetual Capital Securities are, with the consent or approval of the Society, for the time being listed or admitted to trading.

7.6 *Conditions to repayment, substitution, variation and purchase*

Any repayment, substitution, variation or purchase of the Perpetual Capital Securities pursuant to this Condition 7 is subject to:

- (i) (A) the Society providing such notice to the Regulator and obtaining such approval, permission or consent from the Regulator as is required under the then prevailing Capital Regulations and (B) the Society obtaining such other approval, permission or consent (if any) as is then required under the laws and regulations applicable to deferred shares of the Society;
- (ii) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that either: (A) the Society has (or by no later than the time of settlement of such repayment or purchase will have) replaced the Perpetual Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society; or (B) the own funds and eligible liabilities of the Society would, following such repayment or purchase, exceed the minimum requirements (including any buffer requirements) applicable to the Society, as laid down under the Capital Regulations, by a margin that the Regulator considers necessary at such time; and
- (iii) in respect of a repayment or purchase prior to the fifth anniversary of the Reference Date:
 - (A) in the case of repayment upon the occurrence of a Tax Event, the Society having demonstrated to the satisfaction of the Regulator that (1) the change in tax treatment is material and (2) the relevant Tax Law Change was not reasonably foreseeable as at the Reference Date; or

- (B) in the case of repayment upon the occurrence of a Regulatory Event, the Society having demonstrated to the satisfaction of the Regulator that the change (or pending change) in the regulatory classification of the Perpetual Capital Securities is sufficiently certain and was not reasonably foreseeable as at the Reference Date; or
- (C) otherwise, either (1) in the case of any repayment or purchase, the Society having demonstrated to the satisfaction of the Regulator that the Society has (or by no later than the time of settlement of such repayment or purchase will have) replaced the Perpetual Capital Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Society, and the Regulator 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 (2) in respect of any purchase only (and subject to the Society or the relevant Subsidiary then being permitted to conduct market-making activity under the Act), the Society (or the relevant Subsidiary) having purchased the Perpetual Capital Securities for market-making purposes,

provided that if, at the time of such repayment, substitution, variation or purchase, the prevailing Capital Regulations and/or any other laws or regulations applicable to deferred shares of the Society permit the repayment, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (i), (ii) and (iii) above (as applicable), the Society shall, in the alternative or in addition to the foregoing (as required by the Capital Regulations and/or, as the case may be, any other laws or regulations applicable to deferred shares of the Society), comply with such alternative and/or additional pre-condition(s).

Any refusal by the Regulator (or, as the case may be, any other person from whom any approval, permission or consent is sought) to give its approval, permission or consent for any repayment, substitution, variation or purchase of Perpetual Capital Securities pursuant to this Condition 7 shall not constitute a default under the Perpetual Capital Securities or for any other purpose.

In addition, notwithstanding any other provision of these Conditions:

- (x) if the Society has elected to repay the Perpetual Capital Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for repayment, the relevant repayment notice shall be automatically rescinded and shall be of no force and effect and, accordingly, no repayment of the nominal amount of the Perpetual Capital Securities or any interest thereon will be due and payable on the scheduled repayment date, and the Perpetual Capital Securities will continue to remain outstanding on the same basis as if no repayment notice had been given; and
- (y) if the Society or any of its Subsidiaries has entered into an agreement to purchase any Perpetual Capital Securities but the Solvency Test is not satisfied in respect of the relevant payment on the date scheduled for purchase, the Securityholder (by virtue of its holding of any Perpetual Capital Security) acknowledges and agrees that the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect and, accordingly, no purchase of the relevant Perpetual Capital Securities will be made by the Society or any of its Subsidiaries on the scheduled purchase date, and the relevant Securityholder will continue to hold such Perpetual Capital Securities.

Further, if the Society has elected to repay, substitute or vary the terms of the Perpetual Capital Securities or if the Society or any of its Subsidiaries has entered into an agreement to purchase any Perpetual Capital Securities but, prior to (as the case may be) the repayment of the nominal amount, the substitution of the Perpetual Capital Securities, the variation of the terms of the Perpetual Capital Securities or the settlement of the purchase of the Perpetual Capital Securities, a Conversion Trigger occurs, the relevant repayment, substitution or variation notice

or, as the case may be (and as acknowledged and agreed by the relevant Securityholder by virtue of its holding of any Perpetual Capital Security), the relevant purchase agreement shall be automatically rescinded and shall be of no force and effect, no repayment of the nominal amount of the Perpetual Capital Securities or any interest thereon will be due and payable on the scheduled repayment date, no substitution or variation will be effected and no purchase shall be made, as applicable, and, instead, a Conversion shall occur in respect of the Perpetual Capital Securities as described under Condition 8.

The Society shall not be entitled to give notice of any repayment, substitution or variation under this Condition 7 following the occurrence of a Conversion Trigger.

7.7 Purchases

Subject to Condition 7.6 and the Capital Regulations, the Society or any of its Subsidiaries may purchase or otherwise acquire Perpetual Capital Securities in any manner and at any price. Subject to applicable law, such Perpetual Capital Securities may, at the election of the Society, be held, reissued, resold or surrendered to the Registrar for cancellation.

7.8 Cancellation

All Perpetual Capital Securities repaid, all Perpetual Capital Securities substituted pursuant to Condition 7.5, all Perpetual Capital Securities purchased (or otherwise acquired) by the Society or any of its Subsidiaries as aforesaid and surrendered for cancellation, and all Perpetual Capital Securities which are Converted, shall be cancelled forthwith and such Perpetual Capital Securities may not be reissued or resold.

8 Conversion

8.1 Conversion on a Conversion Trigger

If, at any time, the Society, the Regulator or any agent appointed for such purpose by the Regulator determines that any applicable CET1 Ratio has fallen below 7.00 per cent. (the "**Conversion Trigger**"), the Society shall immediately notify the Regulator (unless the relevant determination was made by the Regulator or its agent), promptly notify the Securityholders (in accordance with Condition 17) of the occurrence of the Conversion Trigger and, without delay and by no later than one month (or such shorter period as the Regulator may require) following the determination that the Conversion Trigger has occurred:

- (a) cancel any interest which has accrued and remains unpaid up to (and including) the relevant Conversion Date (whether or not such interest has become due for payment);
- (b) irrevocably (without the need for the consent of Securityholders) write down the Perpetual Capital Securities by reducing the nominal amount of each Perpetual Capital Security to zero; and
- (c) (subject as provided in this Condition 8) issue to each Securityholder such number of CCDS as is equal to the aggregate nominal amount of that Securityholder's Perpetual Capital Securities divided by the prevailing Conversion Price (such write-down under Condition 8.1(b) above and issue of CCDS under this Condition 8.1(c) being referred to as a "**Conversion**", and "**Converted**" being construed accordingly).

Such cancellation of interest, write-down of the Perpetual Capital Securities and (subject as provided in these Conditions) issue of CCDS to Securityholders shall occur on the Conversion Date specified in the Conversion Notice (as defined below).

For the purposes of determining whether a Conversion Trigger has occurred, each applicable CET1 Ratio may be calculated by the Society, the Regulator or any agent appointed for such purpose by the Regulator, as the case may be, at any time based on information (whether or not published) available to the management of the Society (and/or to the Regulator or its agent), including information internally reported within the Society pursuant to its procedures for monitoring each applicable CET1 Ratio.

Fractions of CCDS will not be delivered in connection with any Conversion. Any fractional entitlement to a CCDS which a Securityholder would otherwise obtain as a result of a Conversion will be cancelled, no cash payment or other adjustment will be made in respect thereof and the Securityholder shall have no claim in respect thereof, whether on a winding up or dissolution of the Society or otherwise.

8.2 *Conversion Notice*

The Society shall, as soon as reasonably practicable following its determination (or following it being notified by the Regulator that the Regulator or its agent has determined) that a Conversion Trigger has occurred, and in any event not less than 5 days prior to the Conversion Date (provided that any delay in giving or failure to give such notice shall not constitute a default under the Perpetual Capital Securities or for any other purpose or affect the Conversion of the Perpetual Capital Securities on the Conversion Date), give notice (which notice shall be irrevocable) to the Securityholders in accordance with Condition 17 (the "**Conversion Notice**") stating (i) that the Conversion Trigger has occurred, (ii) the Conversion Date, (iii) the prevailing Conversion Price and (iv) the procedures Securityholders will need to follow (if any) to receive CCDS pursuant to Condition 8.1(c) (including whether or not the CCDS will be delivered into a clearing system and/or a settlement system (and, if so, which clearing system(s) and/or settlement system(s)) and, if applicable, what will happen to any CCDS until any payment due pursuant to Condition 8.9 has been made).

Not later than the giving of the relevant Conversion Notice, the Society shall deliver to the Principal Paying Agent on behalf of the Securityholders a certificate signed by two appropriately authorised signatories of the Society confirming that the Conversion Trigger has occurred.

8.3 *Consequences of a Conversion*

A write-down of the Perpetual Capital Securities under Condition 8.1(b) shall be deemed effective with effect from the relevant Conversion Date and without the requirement for any further formality. Upon such write-down, the Perpetual Capital Securities, and any accrued and unpaid interest in respect thereof (whether or not such interest has become due for payment), shall be immediately cancelled in accordance with Condition 8.1(a).

Such write-down and cancellation of the Perpetual Capital Securities and cancellation of interest shall be independent of the timing of issue of CCDS to Securityholders under Condition 8.1(c) and, accordingly, shall be effective as of the Conversion Date whether or not the CCDS to be issued to Securityholders under Condition 8.1(c) are so issued on the Conversion Date. If the Society fails to issue such CCDS, or there is any delay in the issue or delivery of such CCDS to any Securityholder, a Securityholder's only right under the Perpetual Capital Securities against the Society for such failure will be to claim to have such CCDS so issued to it, and the Securityholders shall be deemed irrevocably to have waived any other rights in respect of their Perpetual Capital Securities.

The nominal amount by which the Perpetual Capital Securities are written down shall be applied, directly or indirectly, to paying up the CCDS to be issued to Securityholders under Condition 8.1(c), and the Securityholders shall be deemed irrevocably to have directed and authorised the Society to apply such amounts for such purpose on their behalf.

Once the nominal amount of a Perpetual Capital Security has been written down, the nominal amount will not be restored in any circumstances, including where the relevant Conversion Trigger ceases to continue.

The write-down and cancellation of the Perpetual Capital Securities and the cancellation of interest thereon in accordance with this Condition 8 will not constitute a default under the Perpetual Capital Securities or for any other purpose. Following the Perpetual Capital Securities being written down in accordance with this Condition 8, no amount shall at any time be or become due and payable to the Securityholders in respect of the Perpetual Capital Securities, and the liability of the Society to pay any amounts in respect of the Perpetual Capital Securities (including the nominal amount of, any interest in respect of and any other amounts in connection with the Perpetual Capital Securities) shall be automatically released (but this is without prejudice to the right of Securityholders to claim for the issue to them of CCDS pursuant to Condition 8.1(c), subject to and in accordance with this Condition 8).

The Perpetual Capital Securities are not convertible into CCDS at the option of the Securityholders at any time.

8.4 Conversion Price

The "**Conversion Price**" is £67, subject to adjustment in accordance with Condition 8.5.

8.5 Conversion Price adjustments

Upon the happening of any of the events described below, the Conversion Price shall be adjusted as follows, in each case as determined by the Society or any Calculation Agent appointed by the Society for such purpose:

- (a) If and whenever there shall be a consolidation, reclassification/redesignation or subdivision affecting the number of CCDS, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such consolidation, reclassification/redesignation or subdivision by the following fraction:

$$\frac{A}{B}$$

where:

"**A**" is the aggregate number of CCDS in issue immediately before such consolidation, reclassification/redesignation or subdivision, as the case may be; and

"**B**" is the aggregate number of CCDS in issue immediately after, and as a result of, such consolidation, reclassification/redesignation or subdivision, as the case may be.

Such adjustment shall become effective on the date the consolidation, reclassification/redesignation or subdivision, as the case may be, takes effect.

- (b) If and whenever the Society shall issue any CCDS credited as fully paid to the CCDS holders as a class by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve, if any), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\frac{A}{B}$$

where:

"A" is the aggregate number of CCDS in issue immediately before such issue; and

"B" is the aggregate number of CCDS in issue immediately after such issue.

Such adjustment shall become effective on the date of issue of such CCDS.

- (c) Notwithstanding paragraphs (a) and (b) above, no adjustment to the Conversion Price will be made:
- (i) as a result of the payment of any Distribution;
 - (ii) to the extent CCDS or other securities (including convertible or exchangeable securities, rights or options in relation to CCDS and other securities) are issued, offered or granted as consideration for the purchase of shares or assets of companies or other organisations (of whatever legal form);
 - (iii) if an increase in the Conversion Price would result from such adjustment (except an increase pursuant to paragraph (a) above); or
 - (iv) if it would result in the Conversion Price being reduced below the nominal value of a CCDS.
- (d) Notwithstanding the foregoing provisions:
- (i) where the events or circumstances giving rise to any adjustment pursuant to this Condition 8.5 have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Society, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall, subject to compliance with the prevailing Capital Regulations, be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to give the intended result; and
 - (ii) such modification shall, subject to compliance with the prevailing Capital Regulations, be made to the operation of these Conditions as may be determined in good faith by an Independent Adviser to be in its opinion appropriate to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once.

8.6 *Decision of an Independent Adviser*

If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Society and an Independent Adviser, a written determination of such Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error.

In the absence of bad faith or fraud, the Independent Adviser shall not be liable to the Principal Paying Agent, the Registrar, the Securityholders or any other person for any determination made by it pursuant to these Conditions.

Notwithstanding any other provision of these Conditions, if, in circumstances requiring any determination to be made by an Independent Adviser under this Condition 8, the Society is unable, having used reasonable endeavours, to appoint an Independent Adviser for such purpose, the Society itself, acting in a commercially reasonable manner, shall be entitled (but not obliged) to make the relevant determination. Such determination will be treated under these Conditions as if it were a determination made by an Independent Adviser, and the Society shall not be liable to the Principal Paying Agent, the Registrar, the Securityholders or any other person for any such determination made by it in good faith.

8.7 *Option schemes and reinvestment plans*

No adjustment will be made to the Conversion Price where CCDS or other securities (including rights, warrants and options) are issued, offered, exercised, allotted, purchased, appropriated, modified or granted to, or for the benefit of, employees or former employees (including directors holding or formerly holding executive or non-executive office or the personal service company of any such person) or their spouses or relatives, in each case, of the Society or any Subsidiary or any other associated company of the Society or to a trustee or trustees to be held for the benefit of any such person, in any such case pursuant to any share or option scheme (including, without limitation, bonus or incentive schemes) or pursuant to any dividend reinvestment plan or similar plan or scheme.

8.8 *Rounding down and notice of adjustment to the Conversion Price*

On any adjustment, the resultant Conversion Price, if not an integral multiple of £0.001, shall be rounded down to the nearest whole multiple of £0.001. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than 1 per cent. of the Conversion Price then in effect. Any adjustment not required to be made and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

Notice of any adjustments to the Conversion Price shall be given by the Society to Securityholders in accordance with Condition 17 promptly after the determination thereof.

8.9 *Taxes etc.*

The Society shall not be liable for any taxes or capital, stamp, issue, registration or transfer taxes, charges or duties arising on Conversion or that may arise or be paid as a consequence of the delivery of CCDS upon Conversion. A Securityholder must pay any taxes and capital, stamp, issue, registration and transfer taxes, charges and duties arising on Conversion as a consequence of any disposal or deemed disposal of its Perpetual Capital Securities (or any interest therein) and/or the issue and delivery to it of any CCDS (or any interest therein). Notwithstanding anything to the contrary in this Condition 8, if any taxes, charges or duties were to be payable by the Society (or by a clearance service or any other person entitled to reimbursement by the Society) as a consequence of delivery of the CCDS issued upon Conversion, then delivery shall, unless the Society in its sole discretion elects otherwise, be conditional upon either:

- (i) the prior payment of any such taxes, charges or duties (or an amount equal thereto) by (or on behalf of) the relevant Securityholder either to the relevant tax authority, the relevant clearance service or to (or to the order of) the Society (as appropriate and as further set out in the Conversion Notice, if applicable); or
- (ii) where such taxes, charges or duties do not arise until the issue and/or delivery of CCDS into clearing or to a Securityholder, payment of an amount equal thereto by (or on behalf of) the relevant Securityholder to the relevant clearance service or to (or to the order of) the Society (as appropriate and as further set out

in the Conversion Notice, if applicable) to use for the sole purpose of paying (directly or indirectly) such taxes, charges or duties in full upon issue and delivery of the CCDS and incurrence of such taxes, charges or duties (all as further set out in the Conversion Notice).

Unless the Society in its sole discretion elects otherwise, no CCDS shall be delivered into clearing or to any Securityholder until such payment has been made in full by (or on behalf of) such Securityholder in accordance with applicable laws and regulations and this Condition 8 to the satisfaction of the Society, and the Society shall be entitled to require reasonable proof of payment from the relevant Securityholder to satisfy itself that such payment has been made.

The Society shall, pending the making of any such payment by or on behalf of a relevant Securityholder, be entitled to make such arrangements with respect to the CCDS issued upon Conversion and provisionally to be delivered to such Securityholder as it may consider appropriate. Such arrangements may (but need not necessarily) include arranging for such CCDS to be issued to and/or held by a reputable financial institution, trust company or similar entity (which is independent of the Society) appointed by the Society as a conversion shares depository to hold such CCDS for the Securityholder (on terms providing that delivery of such CCDS to such Securityholder, and the exercise by the Securityholder of any rights thereunder, shall be conditional upon such Securityholder making the relevant payments contemplated by this Condition 8.9, and that the Securityholder shall forfeit its rights thereunder in the circumstances described in the immediately following paragraph). By virtue of its holding of any Perpetual Capital Securities (or any interest therein), each holder of a Perpetual Capital Securities (or any interest therein) irrevocably authorises and directs the Society to make any such arrangements as are contemplated in this paragraph and the immediately following paragraph.

If a Securityholder fails to make payment of (or, as applicable, the amounts in respect of) all such taxes, duties and charges applicable to it by the date falling 12 years after the Conversion Date, the Securityholder shall forfeit its right to receive such CCDS, and shall not be entitled to any compensation or other amounts in respect thereof. In such event, the Society (in its sole discretion) may elect to cancel such CCDS, or to arrange for the sale of such CCDS, and any proceeds thereof shall revert to and be retained by the Society for its sole account (and, for the avoidance of doubt, the Securityholder shall have no subsequent claim against the Society or any other person for delivery of such CCDS to it or for any such proceeds or any other amounts).

8.10 CCDS

CCDS issued upon Conversion will be fully paid and will in all respects rank *pari passu* with the fully paid CCDS (if any) in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law and except that such CCDS will not rank for (or, as the case may be, the relevant holder shall not be entitled to receive) any rights, distributions or payments as of any applicable record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

8.11 Covenants

The Society shall (if and to the extent permitted by the Regulator and prevailing Capital Regulations, the Act, any other applicable laws and regulations and, in the case of each covenant, only to the extent that such covenant would not cause a Regulatory Event to occur), save with the approval of a resolution of Securityholders passed in accordance with Condition 15, use reasonable endeavours to:

- (a) ensure that the CCDS issued upon Conversion shall be admitted to listing and trading on (i) a Relevant Stock Exchange and (ii) if and to the extent there are CCDS in issue immediately prior to the time of Conversion, the principal stock exchange or securities market (if any) on which such CCDS are then, with the consent or approval of the Society, listed, admitted to trading or quoted or accepted for dealing, in each case, as soon as the Society in its sole discretion (having regard to the interests of the Society's members,

the financial condition of the Society and prevailing market conditions) considers practicable following the issue of such CCDS;

- (b) appoint an Independent Adviser promptly in the circumstances where these Conditions require or provide for a determination by such Independent Adviser; and
- (c) (if no such published policy is maintained by the Society at that time) publish a distribution policy in connection with the CCDS as soon as the Society in its sole discretion considers practicable following Conversion of the Perpetual Capital Securities.

9 Payments

9.1 *Method of payment*

- (i) Payments of principal shall be made (subject to surrender of the relevant Certificates at the specified office of the Registrar if no further payment falls to be made in respect of the Perpetual Capital Securities represented by such Certificates) in the manner provided in paragraph (ii) below.
- (ii) Interest on each Perpetual Capital Security shall be paid to the person shown on the Perpetual Capital Securities Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Perpetual Capital Security shall be made in Sterling by transfer to a Sterling account specified by the payee.

9.2 *Payments subject to applicable laws*

Payments in respect of the Perpetual Capital Securities are subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction or other laws and regulations to which any of the Society, the Registrar or the Principal Paying Agent is subject, but without prejudice to the provisions of Condition 10, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

9.3 *Payment initiation*

Payment instructions (for value the due date, or if that is not a Business Day, for value the first following day which is a Business Day) will be initiated 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 the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

9.4 *Delay in payment*

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

9.5 *Non-payment days*

If any date for payment in respect of any Perpetual Capital Security is not a payment day, the Securityholder shall not be entitled to payment until the next following payment day nor to any interest or other sum in respect of such

postponed payment. In this Condition 9, "**payment 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 which is a Business Day.

10 Taxation

All payments by or on behalf of the Society in respect of the Perpetual Capital Securities shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by or on behalf of any Relevant Tax Jurisdiction, unless the withholding or deduction of the Taxes is required by law. If any such withholding or deduction for or on account of any Taxes is required by law, the Society will, in respect of payments of interest (but not of principal or any other amount), pay such additional amounts ("**Additional Amounts**") as may be necessary in order that the net amounts received by the Securityholders after the withholding or deduction shall equal the amounts which would have been receivable in respect of the Perpetual Capital Securities in the absence of the withholding or deduction; except that no Additional Amounts shall be payable in relation to any payment in respect of any Perpetual Capital Securities:

- (a) held by or on behalf of a Securityholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Perpetual Capital Securities by reason of it having some connection with the Relevant Tax Jurisdiction other than the mere holding of the Perpetual Capital Securities;
- (b) where (in the case of a payment of interest on repayment) the relevant Certificate is surrendered for payment more than 30 days after the Relevant Date, except to the extent that the Securityholder would have been entitled to such Additional Amounts on surrendering such Certificate for payment on the last day of such period of 30 days; or
- (c) where the Securityholder is able to avoid such withholding or deduction by complying, or procuring that a third party complies with, any applicable statutory requirements or by making, or procuring that any third party makes, a declaration of non-residence or other similar claim for exemption to any tax authority.

Notwithstanding any other provision of these Conditions, in no event will Additional Amounts be payable by (or on behalf of) the Society under this Condition 10 or otherwise in respect of any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

As used in these Conditions, "**Relevant Tax 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 Society becomes subject in respect of payments made by it of principal of and interest on the Perpetual Capital Securities.

11 Prescription

Any amounts payable in respect of the Perpetual Capital Securities in respect of which no payment has been claimed shall cease to be payable after 12 years from the appropriate Relevant Date and shall revert to the Society.

12 Replacement of Certificates

A Securityholder who has lost a Certificate shall immediately give notice in writing of such loss to the Society at its Principal Office and to the Registrar at its specified office. If a Certificate is damaged or alleged to have been lost, stolen or destroyed, a new Certificate representing the same Perpetual Capital Securities shall be issued by the Registrar, on

behalf of the Society, to the Securityholder upon request, subject to delivery up of the old Certificate or (if alleged to have been lost, stolen or destroyed) subject to compliance with such conditions as to evidence and indemnity as the Society and the Registrar may think fit and to payment of any exceptional expenses of the Society and the Registrar incidental to its investigation of the evidence of such alleged loss, theft or destruction. The duplicate Certificate will be made available at the offices of the Registrar.

13 Succession and transfers

13.1 *Amalgamation or transfer of engagements under section 93 or 94 of the Act*

Upon an amalgamation by the Society with another building society under section 93 of the Act or a transfer of all or substantially all of its engagements to another building society under section 94 of the Act, the Perpetual Capital Securities shall become deferred shares in the amalgamated or transferee building society, as appropriate (the "**Resulting Society**", and references in these Conditions to the "Society" shall thereafter be construed accordingly), without any alteration in their terms except as follows.

If the Society, in its sole discretion, considers that, as a result of such amalgamation or transfer of engagements, it is necessary to amend the provisions of these Conditions either (i) in order to give effect to or preserve substantially the economic effect of Conversion under these Conditions or (ii) to enable the Perpetual Capital Securities to qualify as Additional Tier 1 Capital of the Resulting Society, it may (subject to having obtained any necessary consent of the Regulator if then required by the Regulator or under the Capital Regulations), upon not less than 15 days' notice to Securityholders in accordance with Condition 17 but without the consent or approval of the Securityholders, make such amendments to these Conditions which, as determined by the Society (in the case of (a) and (c) below, in consultation with an Independent Adviser appointed by the Society for such purpose):

- (a) give effect to and preserve substantially the economic effect of Conversion under these Conditions (subject to Condition 13.3); and/or
- (b) enable the Perpetual Capital Securities to qualify as Additional Tier 1 Capital of the Resulting Society; and
- (c) (in any case) do not result in the terms of the Perpetual Capital Securities becoming materially less favourable to the Securityholders (but without prejudice to the provisions of Condition 13.3),

and provided (without prejudice to (c) above) that the following shall be preserved in all material respects:

- (1) the ranking of the Perpetual Capital Securities;
- (2) the nominal amount of the Perpetual Capital Securities, the Interest Rate on the Perpetual Capital Securities from time to time, the Interest Payment Dates and the provisions regarding discretionary and mandatory cancellation of interest;
- (3) any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Society subsequently to cancel such accrued interest in accordance with the terms of the Perpetual Capital Securities);
- (4) the repayment rights and obligations of the Society;
- (5) compliance with the prevailing Capital Regulations and requirements of the Regulator in relation to Additional Tier 1 Capital; and

- (6) the Perpetual Capital Securities will continue to be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any replacement tax rules (if any) relevant to the entitlement of the Society to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Perpetual Capital Securities),

and provided further that a certificate to the effect of the foregoing shall have been signed by two appropriately authorised signatories of the Society and given to the Principal Paying Agent on behalf of the Securityholders.

A brief summary of any key changes to the terms of the Perpetual Capital Securities will, not later than the time at which notice is given to members of resolutions to be proposed to approve the relevant amalgamation or transfer of engagements (or if no such resolutions will be proposed, as soon as reasonably practicable following the time at which notice is given to members of the proposed amalgamation or transfer of engagements), be available for inspection by the Securityholders at the Principal Office of the Society and the specified office of the Registrar.

13.2 *Transfer of business under section 97 of the Act*

Upon a transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Mutual Societies Transfers Act) to a company (a "**Successor Entity**", which expression includes a subsidiary of a mutual society as referred to in the Mutual Societies Transfers Act) the Successor Entity will, in accordance with section 100(2)(a) of the Act, as from the vesting date, assume a liability to each holder of Perpetual Capital Securities and each Securityholder will be deemed automatically, by virtue of its holding of any Perpetual Capital Securities, to have irrevocably authorised and instructed that such liability shall be subordinated (a "**Subordinated Deposit**") and shall be applied on the vesting date (or as soon as reasonably practicable thereafter) in paying up undated subordinated bonds (the "**Bonds**") in a principal amount equivalent to the nominal amount of the Perpetual Capital Securities held by such Securityholder immediately prior to such transfer, and such Bonds shall, at the option of the Society (or the Successor Entity) in its sole discretion, be issued or transferred either:

- (a) to (or to the order of) the relevant Securityholder; or
- (b) (if the Successor Entity is part of a prudentially regulated group and is not the ultimate holding entity for the purposes of prudential consolidation of such group) to a Qualifying Parent in consideration for such Qualifying Parent issuing or transferring to (or to the order of) the relevant Securityholder a principal amount of Qualifying Parent Securities equivalent to the nominal amount of the Perpetual Capital Securities held by such Securityholder immediately prior to the business transfer.

If the Society (or the Successor Entity) elects option (b) above, each Securityholder will be deemed automatically, by virtue of its holding of any Perpetual Capital Security, to have (i) irrevocably authorised and instructed that the Bonds paid up out of the Subordinated Deposit assumed by the Successor Entity to such Securityholder shall be issued or transferred to the Qualifying Parent in consideration for the issue or transfer to (or to the order of) such Securityholder of the relevant principal amount of Qualifying Parent Securities, and (ii) waived and released all rights and claims against the Society and the Successor Entity it would otherwise have in respect of such Subordinated Deposit and the relevant Bonds paid up therefrom (but without prejudice to its right to have the relevant principal amount of Qualifying Parent Securities issued or delivered to (or to the order of) such Securityholder).

A brief summary of the key terms and conditions of (i) if the Society (or the Successor Entity) elects option (a) above, the Bonds or (ii) if the Society (or the Successor Entity) elects option (b) above, the Qualifying Parent Securities, will, not later than the time at which notice is given to members of resolutions to be proposed to

approve such transfer (or if no such resolutions will be proposed, as soon as reasonably practicable following the time at which notice is given to members of the proposed transfer), be available for inspection by the Securityholders at the Principal Office of the Society and the specified office of the Registrar at that time and, subject as provided above, will be determined by the Society in its absolute discretion.

The Bonds

If the Society (or the Successor Entity) elects option (b) above (such that Securityholders will be entitled to receive Qualifying Parent Securities), the terms of the Bonds shall be agreed between the Society (or the Successor Entity) and the Qualifying Parent.

If the Society or the Successor Entity elects option (a) above (such that Securityholders will be entitled to receive Bonds), the Bonds:

- (1) may be issued directly or indirectly by the Successor Entity;
- (2) shall rank junior to any subordinated deposit or subordinated bonds issued by the Successor Entity in respect of Senior Obligations of the Society and senior to any subordinated deposit, subordinated bonds and/or shares issued by the Successor Entity in respect of Junior Obligations of the Society;
- (3) shall have the same principal amount as the nominal amount of the Perpetual Capital Securities, shall bear the same Interest Rate from time to time and Interest Payment Dates as the Perpetual Capital Securities and shall preserve the provisions regarding discretionary and mandatory cancellation of interest;
- (4) shall have the same repayment rights and obligations as the Perpetual Capital Securities;
- (5) shall preserve any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Successor Entity subsequently to cancel such accrued interest in accordance with the terms of the Bonds); and
- (6) shall be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Successor Entity to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Bonds).

Furthermore, if the Society or the Successor Entity elects option (a) above (such that Securityholders will be entitled to receive Bonds), the terms of the Bonds will, to the fullest extent permitted by applicable law and regulation:

- (a) be such as to comply with the prevailing Capital Regulations and requirements of the Regulator (or, if different, the prevailing prudential and capital adequacy requirements and rules applicable to the Successor Entity) in relation to Additional Tier 1 Capital; and
- (b) (subject to Condition 13.3) include such changes and additional provisions as are deemed necessary by the Society (or the Successor Entity) to give effect to and preserve substantially the economic effect of Conversion of the Perpetual Capital Securities,

provided that the terms of the Bonds shall be not materially less favourable to the Securityholders than the Conditions of the Perpetual Capital Securities (but without prejudice to the provisions of Condition 13.3), all as determined by the Society (or the Successor Entity) in consultation with an Independent Adviser appointed by the Society (or the Successor Entity) for such purpose. A certificate to the effect of the foregoing shall be signed

by two appropriately authorised signatories of the Society (or the Successor Entity) and given to the Registrar on behalf of the Securityholders.

Qualifying Parent and Qualifying Parent Securities

As used herein:

"Qualifying Parent" means a company, mutual society or other entity incorporated in the United Kingdom or, in the case of a mutual society only, a Crown Dependency mutual society (as such term is defined in the Mutual Societies Transfers Act) which (a) holds, directly or indirectly, all or substantially all of the ordinary voting shares of the Successor Entity, (b) is a credit institution, a financial holding company or a mixed financial holding company (in each case, within the meaning of the Capital Regulations) and (c) is the ultimate holding entity (or an intermediate holding entity) representing the point of prudential consolidation for the prudential group (or a prudential sub-group) of which the Successor Entity forms part; and

"Qualifying Parent Securities" means securities which:

- (1) are issued directly or indirectly by a Qualifying Parent and rank *pari passu* with other Additional Tier 1 Capital instruments (if any) of the Qualifying Parent then in issue;
- (2) have the same principal amount as the nominal amount of the Perpetual Capital Securities, bear the same Interest Rate from time to time and Interest Payment Dates as the Perpetual Capital Securities and shall have the same (or substantially the same) provisions regarding discretionary and mandatory cancellation of interest;
- (3) have the same (or substantially the same) repayment rights and obligations as the Perpetual Capital Securities;
- (4) shall be issued upon terms which have the economic effect of preserving any existing rights under the Conditions to any accrued interest which has not been satisfied or cancelled in accordance with the Conditions (but subject always to the right of the Qualifying Parent subsequently to cancel such accrued interest in accordance with the terms of the Qualifying Parent Securities); and
- (5) shall be "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Qualifying Parent to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, the Qualifying Parent Securities).

Furthermore, the terms of the Qualifying Parent Securities will, to the fullest extent permitted by applicable law and regulation:

- (a) be such as to comply with the prevailing Capital Regulations and requirements of the Regulator (or, if different, the prevailing prudential and capital adequacy requirements and rules applicable to the Qualifying Parent) in relation to Additional Tier 1 Capital; and
- (b) (subject to Condition 13.3) include such changes and additional provisions as are deemed necessary by the Society (or the Successor Entity or the Qualifying Parent, as the case may be) to give effect to and preserve substantially the economic effect of Conversion of the Perpetual Capital Securities,

provided that the terms of the Qualifying Parent Securities shall be not materially less favourable to the Securityholders than the Conditions of the Perpetual Capital Securities (but without prejudice to the provisions

of Condition 13.3), all as determined by the Society (or the Successor Entity or the Qualifying Parent, as the case may be) in consultation with an Independent Adviser appointed by the Society (or the Successor Entity or the Qualifying Parent) for such purpose. A certificate to the effect of the foregoing shall be signed by two appropriately authorised signatories of the Society (or the Successor Entity or the Qualifying Parent, as the case may be) and given to the Registrar on behalf of the Securityholders.

13.3 Successions and transfers where the resulting entity does not have a viable convert-to instrument

Upon an amalgamation, transfer of engagements or transfer in accordance with Condition 13.1 or 13.2, the Society shall use reasonable commercial endeavours to procure that the Perpetual Capital Securities (or any instrument issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) would, in the event of a Conversion Trigger (or a similar conversion trigger in any such replacement instrument, which, for the avoidance of doubt, may relate to the common equity tier 1 ratio of the Successor Entity or the Qualifying Parent or their respective group or sub-group, as the case may be, and references in this Condition 13.3 to the Conversion Trigger shall be construed accordingly) occurring immediately following such amalgamation or transfer, convert into a common equity tier 1 capital instrument (whether or not carrying voting rights at general meetings of the issuing entity) of the Resulting Society or, as the case may be, the Successor Entity or Qualifying Parent (or any parent thereof). If, immediately prior to such amalgamation or transfer, there are in issue any CCDS of the Society that are (with the consent or approval of the Society) listed or admitted to trading on any stock exchange or market, the Society (or, as the case may be, the Resulting Society, the Successor Entity or the Qualifying Parent) will use reasonable endeavours to procure that, as soon as is reasonably practicable in the circumstances, the class of common equity tier 1 capital instruments into which the Perpetual Capital Securities (or, as the case may be, the instruments issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) will, upon the occurrence of a Conversion Trigger, convert (the "**Conversion Instrument**") is listed or admitted to trading on a regularly operating, regulated stock exchange or other market; *provided that* there shall be no obligation on the Society, the Resulting Society, the Successor Entity or the Qualifying Parent (as the case may be) to obtain any such listing or admission to trading if the applicable Conversion Instrument is not issued by the ultimate holding entity of the group resulting from the amalgamation or transfer, as the case may be.

If, however, notwithstanding such reasonable commercial endeavours, the Society is unable to procure that the Perpetual Capital Securities (or any instrument issued to Securityholders in replacement thereof as a result of a transfer in accordance with Condition 13.2) would, following a Conversion Trigger, convert into a Conversion Instrument, then (notwithstanding any provision of Condition 13.1 or 13.2) if a Conversion Trigger occurs on or after the effective date of such amalgamation or transfer, the outstanding Perpetual Capital Securities (or any replacement instrument as aforesaid) shall not be subject to Conversion but instead will be subject to permanent write-down. Accordingly, upon the occurrence of such Conversion Trigger, the full nominal amount of such Perpetual Capital Securities (or replacement instruments) will automatically be written down to zero, each Perpetual Capital Security (or replacement instrument) will be cancelled, the Securityholders will be automatically deemed to have irrevocably waived their right to receive, and will no longer have any rights against the Society, the Resulting Society, the Successor Entity or the Qualifying Parent (as applicable) with respect to, repayment of the aggregate nominal amount of the Perpetual Capital Securities (or replacement instruments) so written down or delivery of any instrument as a result of such write-down, and all accrued but unpaid interest and any other amounts payable on each Perpetual Capital Security (or replacement instrument) will be cancelled, irrespective of whether such amounts have become due and payable prior to the occurrence of the Conversion Trigger.

13.4 Undertakings

- (a) The Society undertakes to use all reasonable endeavours to procure that any amalgamation, transfer of engagements or transfer referred to in Condition 13.1 or 13.2 will comply with the provisions of Condition

13.1 or, as the case may be, 13.2. The Society undertakes to use all reasonable endeavours to enter into such agreements, and to take such other reasonable steps, as are necessary to give effect to the provisions of this Condition 13 (including, but not limited to, the appointment, if applicable, of an Independent Adviser).

- (b) In connection with any amalgamation by the Society with another building society under section 93 of the Act or a transfer of all or substantially all of its engagements to another building society under section 94 of the Act as provided in Condition 13.1, the Society:
 - (i) shall, and shall use all reasonable endeavours to procure that the Resulting Society shall, comply with the rules of any competent authority, stock exchange and/or quotation system by or on which the Perpetual Capital Securities are, for the time being, listed, traded and/or quoted with the consent or approval of the Society; and
 - (ii) shall pay, or shall use all reasonable endeavours to ensure that the Resulting Society pays, any stamp duties, stamp duty reserve taxes and similar capital, stamp, issue and registration duties payable in the United Kingdom arising on the issue and initial delivery of such deferred shares (if applicable), but will not pay (and each Securityholder as to itself will be required to pay) any other taxes, stamp duties, stamp duty reserve taxes and capital, stamp, issue and registration duties arising on or following the issue and initial delivery of such deferred shares (if applicable) pursuant to Condition 13.1.

- (c) In connection with any transfer by the Society of the whole of its business in accordance with section 97 of the Act (including, where relevant, as amended pursuant to an order made under section 3 of the Mutual Societies Transfers Act) to a company as provided in Condition 13.2, the Society:
 - (i) shall, and shall use all reasonable endeavours to procure that the Successor Entity and/or the Qualifying Parent (as applicable) shall, comply with the rules of any competent authority, stock exchange and/or quotation system by or on which the Perpetual Capital Securities are, for the time being, listed, traded and/or quoted with the consent or approval of the Society;
 - (ii) shall use all reasonable endeavours to ensure that the terms upon which its business is transferred to the Successor Entity shall require the Successor Entity or the Qualifying Parent (as applicable) to pay (or, in the absence of any such term of transfer, shall itself pay), any stamp duties, stamp duty reserve taxes and similar capital, stamp, issue and registration duties payable in the United Kingdom arising on the issue and initial delivery of the Bonds or Qualifying Parent Securities (as applicable), but will not pay (and each Securityholder as to itself will be required to pay) any other taxes, stamp duties, stamp duty reserve taxes and capital, stamp, issue and registration duties arising on or following the issue and initial delivery of the Bonds or Qualifying Parent Securities (as applicable) pursuant to Condition 13.2; and
 - (iii) shall use all reasonable endeavours to ensure that the terms upon which its business is transferred to the Successor Entity shall require the Successor Entity or Qualifying Parent to procure that the Bonds or, as the case may be, the Qualifying Parent Securities are (A) where the Perpetual Capital Securities were, with the consent or approval of the Society, listed and/or admitted to trading on a stock exchange or market immediately prior to the aforesaid transfer to the Successor Entity, listed and/or admitted to trading (as the case may be) on the same stock exchange or market (or, if this is wholly impracticable, admitted to trading on another internationally recognised stock exchange or securities market chosen by the Successor Entity or Qualifying Parent) and (B) admitted to, and traded in, the same clearing system or systems as the Society had approved for the Perpetual Capital Securities or, if this is wholly impracticable, in such other clearing system(s)

or settlement system(s) determined by the Successor Entity or Qualifying Parent, provided that this does not materially prejudice the holders of the Bonds or, as the case may be, the Qualifying Parent Securities.

14 Variations of the Conditions and the Rules

14.1 Variation of the Conditions

Subject as provided in Condition 7.5 and Condition 13, these Conditions may only be varied by the Society (a) with the consent in writing of the Securityholders in accordance with Condition 15.7 or with the sanction of a resolution passed at a separate meeting of the Securityholders held in accordance with Condition 15 and as further described in the Agency Agreement and (b) in compliance with prevailing Capital Regulations at such time (including, if then required, obtaining the prior consent of the Regulator).

14.2 Variation of the Rules

- (a) These Conditions do not limit the rights of members of the Society to amend the Rules.
- (b) The Society undertakes not to initiate any amendment to the Rules that is both (a) inconsistent with the provisions of these Conditions and (b) materially prejudicial to the interests of the Securityholders in that capacity.
- (c) Any amendment to the Rules or any resolution of members of the Society (in either case whether such amendment or resolution is initiated by the Society or by one or more of its members) shall not:
 - (i) limit any rights of any Securityholder to bring an action against the Society for breach of contract in circumstances where the Society is in breach of these Conditions, and furthermore any Securityholder shall be entitled to bring an action against the Society as if there had been a breach of contract (such that a Securityholder may sue for a liquidated sum equal to its loss) in circumstances where an amendment has been made to the Rules or any resolution of members of the Society has been passed which is materially prejudicial to the holders of the Perpetual Capital Securities as a class and which would have been a breach of these Conditions had such amendment been instituted by the Society (an "**Assumed Breach**"); or
 - (ii) afford the Society any defence to any claim made in any action referred to under (i) above,

provided, however, that no Securityholder shall be entitled to bring an action against the Society under (i) above, and the Society shall have a valid defence to any such action under (ii) above, if holders of the Perpetual Capital Securities have at any time passed a resolution in accordance with Condition 15 (whether at a duly convened meeting of the Securityholders or by way of written resolution) approving, ratifying and/or consenting to the relevant amendment to the Rules or the relevant member resolution, as the case may be.

15 Meetings of the Securityholders

15.1 Convening the meeting, notice and quorum

The Society alone may at any time convene a separate meeting of the Securityholders. Every meeting shall be held at such place (which need not be a physical place and instead may be by way of conference call, including by use of a videoconference platform, and all references to "place" and "present" in this Condition 15 shall be construed accordingly, so far as the context admits) as the Society may nominate.

At least 21 clear days' notice, specifying the hour, date and place of the meeting shall be given to the Securityholders entered in the Perpetual Capital Securities Register 35 days prior to the date specified for the meeting, such notice to be given in accordance with Condition 17. The notice shall specify generally the nature of the business to be transacted at the meeting and the terms of any resolution to be proposed to alter these Conditions.

Any person (who may, but need not, be a Securityholder) nominated in writing by the Society shall be entitled to take the chair at every meeting but if no nomination is made or if at any meeting the person nominated shall not be present within 15 minutes after the time appointed for holding the meeting, the Securityholders present shall choose one of their number who is present to be chair.

At any meeting one or more persons present in person or by proxy and holding or representing in aggregate not less than one-third of the nominal amount of the Perpetual Capital Securities for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a chair) shall be transacted at any meeting unless the requisite quorum shall be present at the commencement of business.

15.2 *Adjournment*

If within half an hour after the time appointed for any meeting a quorum is not present, the meeting shall stand adjourned for such period, being not less than 14 days nor more than 42 days and at such place as may be appointed by the chair and if at the adjourned meeting a quorum shall not be present within half an hour from the time appointed for the adjourned meeting, the Securityholders present in person or by proxy at the adjourned meeting shall be a quorum.

Notice of any adjourned meeting shall be given in the same manner as notice of an initial meeting but as if 10 were substituted for 21 in Condition 15.1.

The chair may with the consent of (and shall if directed by a resolution of) the meeting adjourn any meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business left unfinished or not reached at the meeting from which the adjournment took place.

15.3 *Conduct of business of the meeting*

Every resolution put to the meeting (other than the choosing of a chair which will be decided by a simple majority on a show of hands) shall be decided by a poll. On a poll, every Securityholder or proxy who is present shall have one vote in respect of each £1,000 in outstanding nominal amount of the Perpetual Capital Securities held or represented by him. Any such resolution shall be duly passed if not less than three-quarters of the votes cast thereon are cast in favour.

A poll shall be taken in such manner as the chair directs and the result of the poll shall be deemed to be the resolution of the meeting.

Any director or officer of the Society and its professional advisers may attend and speak at any meeting of the Securityholders. Save as provided above, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any such meeting unless it is a Securityholder or is a proxy thereof.

15.4 *Proxies*

A Securityholder entitled to attend a meeting of the Securityholders:

- (a) may appoint one person (whether or not a Securityholder) as its proxy to attend and, on a resolution, to vote at such meeting in its place; and
- (b) may direct the proxy how to vote at the meeting.

A proxy shall be appointed in the manner provided in Schedule 3 to the Agency Agreement.

15.5 *Effect of resolution*

Any resolution passed at a meeting duly convened and held in accordance with these provisions shall be binding upon all the Securityholders whether or not present at the meeting and whether or not voting in favour and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence of the circumstances justifying the passing of the resolution.

15.6 *Other matters*

Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Society and any minutes purporting to be signed by the chair of the meeting at which resolutions were passed or proceedings had shall be conclusive evidence of the matters contained in the minutes and until the contrary is proved every meeting in respect of the proceedings of which minutes have been so made and signed shall be deemed to have been duly held and convened and all resolutions passed or proceedings had to have been duly passed or had.

The accidental omission to send notice of a separate meeting or to send any document required to be sent with the notice or otherwise before the meeting to, or the non-receipt of notice of a separate meeting or any such document as aforesaid by, any person entitled to receive notices or documents shall not invalidate the proceedings at that meeting.

15.7 *Written resolution*

A resolution may also be passed, without the need for a meeting of Securityholders, by way of a resolution in writing signed by or on behalf of Securityholders holding in aggregate not less than three-quarters in nominal amount of the Perpetual Capital Securities then outstanding. Such written resolution may be contained in one document or several documents in like form each signed by or on behalf of one or more such Securityholders. Any written resolution passed shall be binding upon all the Securityholders whether or not signing the written resolution and each of them shall be bound to give effect to the resolution accordingly, and the passing of any resolution shall be conclusive evidence of the circumstances justifying the passing of the resolution.

15.8 *Notice*

Notice of any resolution duly passed by the Securityholders, whether at a meeting of Securityholders or by written resolution, shall be given in accordance with Condition 17 by the Society within 14 days of the passing of the resolution, provided that the non-publication of the notice shall not invalidate the resolution.

16 Further issues

The Society shall be at liberty from time to time without the consent of the Securityholders to create and issue further deferred shares either:

- (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the Perpetual Capital Securities ("**Further Perpetual Capital Securities**") or with any other series of outstanding deferred shares of the Society; or
- (b) upon such other special terms of issue as the Society may at the time of issue determine (having regard to Condition 4.2).

17 Notices

All notices regarding the Perpetual Capital Securities shall be valid if sent by post to the Securityholders at their respective addresses in the Perpetual Capital Securities Register. Any such notice shall be deemed to have been given on the second Business Day following the mailing of such notice. For so long as the Perpetual Capital Securities are listed or admitted to trading on any stock exchange with the consent or approval of the Society, such notice shall also be made available in any other manner required by the rules of such stock exchange then in effect.

18 Governing law and rights of third parties

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

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

19 Agreement and acknowledgement with respect to the exercise of Bail-in Power

19.1 Recognition of Bail-in

Notwithstanding and to the exclusion of any other term of the Perpetual Capital Securities or any other agreements, arrangements, or understandings between the Society and any Securityholder (or any person holding any interest in any Perpetual Capital Security), by its acquisition of any Perpetual Capital Security (or any interest therein), each Securityholder, and each holder of a beneficial interest in any Perpetual Capital Security, acknowledges and accepts that the Amounts Due arising under the Perpetual Capital Securities may be subject to the exercise of the Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents and agrees to be bound by:

- (a) the effect of the exercise of the Bail-in Power by the Resolution Authority, that may include and result in (without limitation) any of the following, or some combination thereof:
 - (i) the reduction of all, or a portion, of the Amounts Due;
 - (ii) the conversion of all, or a portion, of the Amounts Due on the Perpetual Capital Securities into shares, deferred shares (including core capital deferred shares), other securities or other obligations of the Society or another person (and the issue to or conferral on the Securityholder of such shares, deferred shares (including core capital deferred shares), securities or obligations), including by means of an amendment, modification or variation of the terms of the Perpetual Capital Securities;
 - (iii) the cancellation of the Perpetual Capital Securities; and
 - (iv) the amendment or alteration of the term of the Perpetual Capital Securities or amendment of the amount of interest payable on the Perpetual Capital Securities and/or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Perpetual Capital Securities, as deemed necessary by the Resolution Authority, to give effect to the exercise of the Bail-in Power by the Resolution Authority.

19.2 *Payment of interest and other outstanding Amounts Due*

No repayment or payment of Amounts Due on the Perpetual Capital Securities will become due and payable or be paid after the exercise of any Bail-in Power by the Resolution Authority, if and to the extent such amounts have been reduced, converted, cancelled, suspended (for so long as such suspension or moratorium is outstanding), amended or altered as a result of such exercise.

19.3 *No default*

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into another security or obligation of the Society or another person, as a result of the exercise of the Bail-in Power by the Resolution Authority with respect to the Society, nor the exercise of the Bail-in Power by the Resolution Authority with respect to the Perpetual Capital Securities will be an event of default under these Conditions or otherwise or constitute a default for any purpose.

19.4 *Notice to Securityholders*

Upon the exercise of the Bail-in Power by the Resolution Authority with respect to the Perpetual Capital Securities, the Society shall notify the Principal Paying Agent in writing of such exercise and give notice of the same to Securityholders in accordance with Condition 17. Any delay or failure by the Society in delivering any notice referred to in this Condition 19.4 shall not constitute a default or event of default for any purpose, nor shall it affect the validity and enforceability of the Bail-in Power or the consequences thereof.

19.5 *Definitions*

For the purposes of this Condition 19:

"Amounts Due" means the outstanding principal amount of, together with any accrued and unpaid interest (to the extent not already cancelled in accordance with these Conditions), due, or which may become due or payable, on the Perpetual Capital Securities. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of Bail-in Power by the Resolution Authority;

"Bail-In Legislation" means Part I of the Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, building societies, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

"Bail-in Power" means the powers under the Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank, building society or investment firm or affiliate of a bank, building society or investment firm, to cancel, reduce, transfer, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability; and

"Resolution Authority" means the Bank of England or any successor thereto or replacement thereof and/or such other and/or additional authority or authorities in the United Kingdom with the ability to exercise the Bail-in Power in relation to the Society and/or the Perpetual Capital Securities.

20 Definitions and Interpretation

Interpretation

All references in these Conditions to any statute or any provision of any statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

For the purpose of these Conditions, references to "**winding up or dissolution**" shall, to the extent consistent with the classification of the Perpetual Capital Securities as deferred shares pursuant to section 119 of the Act and the Deferred Shares Order, include any similar procedure (including building society insolvency, or a building society administration involving a distribution to creditors, pursuant to the Banking Act 2009) which has the effect of a winding up or dissolution.

Definitions

For the purpose of these Conditions:

"**Accounting Currency**" means Sterling or such other primary currency used in the presentation of the Society's accounts from time to time;

"**Accrual Date**" has the meaning ascribed thereto in Condition 5.1;

"**Act**" means the Building Societies Act 1986;

"**Additional Amounts**" has the meaning ascribed thereto in Condition 10;

"**Additional Tier 1 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time;

"**Applicable Prudential Basis**" means, at any time, the or each prudential basis (including individual basis, individual consolidated basis, consolidated basis and/or sub-consolidated basis) on which the Society is prudentially regulated under the Capital Regulations at such time;

"**Assets**" means the unconsolidated gross assets of the Society as shown in its latest published audited balance sheet, but adjusted for subsequent events in such manner as the directors of the Society may determine;

"**Assumed Breach**" has the meaning ascribed thereto in Condition 14.2;

"**Benchmark Gilt Reset Reference Rate**" means, in relation to a Reset Period, the percentage rate (rounded up (if necessary) to four decimal places) determined on the basis of the bid and offered yields of the Benchmark Gilt quoted by the Reset Reference Banks at 11.00 a.m. (London time) on the Reset Determination Date in relation to such Reset Period on a dealing basis for settlement on the next following Benchmark Gilt Dealing Day. Such quotations shall be obtained by or on behalf of the Society and provided to the Principal Paying Agent. If at least four quotations are provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Benchmark Gilt Reset Reference Rate will be determined by reference to the rounded quotation provided. If no quotations are provided, the Benchmark Gilt Reset Reference Rate will be deemed to be equal to the Benchmark Gilt Reset Reference Rate determined for the immediately preceding Reset Period or, in the case of the first Reset Period, 3.870 per cent. For these purposes:

"**Benchmark Gilt**" means, in respect of a Reset Period, such United Kingdom government security customarily used in the pricing of new issues with a similar tenor having a maturity date on or about the last day of such Reset Period

as the Society, with the advice of an 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

"Benchmark Gilt Dealing Day" means a day on which the London Stock Exchange plc (or such other stock exchange on which the Benchmark Gilt is at the relevant time listed) is ordinarily open for the trading of securities;

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

"Calculation Agent" means any calculation agent which may be appointed by the Society from time to time to determine any adjustment or adjustments to the Conversion Price;

"Calculation Amount" means £1,000 in nominal amount of Perpetual Capital Securities;

"Capital Regulations" means, at any time, any requirement or provision contained in the laws and regulations of the United Kingdom or the requirements, guidelines and policies of the Regulator (whether or not having the force of law) then in effect in the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis) and prudential supervision (including as regards the requisite features of own funds instruments) and/or to the resolution of credit institutions (including as regards any minimum requirement for own funds and eligible liabilities) and, in each case, applicable to the Society (or, where the context admits in Condition 13, any rules, requirements, guidelines and policies relating to capital adequacy and prudential supervision and applicable to the Successor Entity or the Qualifying Parent, as the case may be, in its jurisdiction of incorporation);

"Capital Requirements Regulation" means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms (and amending Regulation (EU) No 648/2012) dated 26 June 2013 as it forms part of the laws of the United Kingdom by virtue of the EUWA;

"CCDS" means any Core Capital Deferred Share(s) of the Society;

"CCDS holder" means a holder of a CCDS;

"Certificate" has the meaning ascribed thereto in Condition 2.3;

"CET1 Ratio" means, at any time, each of (a) the ratio of Common Equity Tier 1 of the Society as at such time to the Risk Weighted Assets of the Society as at the same time, in each case calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) and expressed as a percentage; and (b) the ratio of Common Equity Tier 1 of the Society as at such time to the Risk Weighted Assets of the Society as at the same time, in each case calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on any other Applicable Prudential Basis and expressed as a percentage, in each case as calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"Charity Assignee" has the meaning ascribed thereto in Condition 1.3;

"Common Equity Tier 1" means, as at any time, the sum, expressed in the Accounting Currency, of all amounts that constitute common equity tier 1 capital of the Society as at such time, less any deductions from common equity tier 1 capital required to be made as at such time, in each case as calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital

Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) or, as the context requires, such other relevant Applicable Prudential Basis on which a CET1 Ratio is to be determined, in each case as calculated in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions (if any) if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"**common equity tier 1 capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time;

"**Community Foundation serving Tyne & Wear and Northumberland**" means the Community Foundation serving Tyne & Wear and Northumberland (Registered Charity No. 700510, limited Company No. 2273708);

"**Compliant Securities**" means deferred shares (within the meaning of section 119 of the Act) or other securities issued by the Society that:

- (i) have terms not materially less favourable to an investor than the terms of the Perpetual Capital Securities (as reasonably determined by the Society in consultation with an Independent Adviser, and provided that a certificate to such effect (including as to such consultation) of two appropriately authorised signatories of the Society shall have been delivered to the Principal Paying Agent prior to the relevant variation or substitution of the Perpetual Capital Securities taking effect);
- (ii) subject to (i) above, (1) are eligible as Additional Tier 1 Capital; (2) have the same principal amount as the nominal amount of the Perpetual Capital Securities and provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Perpetual Capital Securities; (3) rank at least *pari passu* with the ranking of the Perpetual Capital Securities; (4) preserve the obligations (including the obligations arising from the exercise of any right) of the Society as to repayment of the Perpetual Capital Securities, including (without limitation) as to timing of, and amounts payable upon, such repayment; (5) contain terms providing for the conversion or write-down of the principal amount of such securities only if such terms are not materially less favourable to holders of the securities than the corresponding provisions of the Perpetual Capital Securities; (6) are "hybrid capital instruments" for the purposes of Part 5 of the Corporation Tax Act 2009 (or benefit from equivalent treatment under any equivalent or replacement tax rules (if any) relevant to the entitlement of the Society to claim a deduction in computing its tax liabilities in respect of any payments made under, or funding costs recognised in its accounts in respect of, such securities; and (7) preserve any existing rights under these Conditions to any accrued and unpaid interest or other amounts which have not been paid or cancelled in accordance with these Conditions (but without prejudice to the ability of the Society to cancel such amounts under terms thereof substantially the same as the cancellation rights under these Conditions);
- (iii) are listed and/or admitted to trading on the same stock exchange as that on which the Perpetual Capital Securities are, immediately prior to the relevant substitution or variation and with the consent or approval of the Society, listed and/or admitted to trading, or are listed and/or admitted to trading on such other internationally recognised stock exchange as selected by the Society; and
- (iv) where the Perpetual Capital Securities had a published rating solicited by the Society from one or more Rating Agencies immediately prior to their substitution or variation, benefit from (or will, as announced, or otherwise confirmed in writing, by each such relevant Rating Agency, benefit from) an equal or higher published rating from each such Rating Agency as that which applied to the Perpetual Capital Securities immediately prior to their substitution or variation.

"**Conversion**" has the meaning ascribed thereto in Condition 8.1;

"**Conversion Date**" means the date specified as such in the relevant Conversion Notice, which shall be not later than one month (or such shorter period as the Regulator may require) from the occurrence of the Conversion Trigger;

"**Conversion Notice**" has the meaning ascribed thereto in Condition 8.2;

"**Conversion Price**" has the meaning ascribed thereto in Condition 8.4;

"**Conversion Trigger**" has the meaning ascribed thereto in Condition 8.1;

"**Converted**" has the meaning ascribed thereto in Condition 8.1;

"**Day-Count Fraction**" has the meaning ascribed thereto in Condition 5.1;

"**Deferred Shares Order**" means The Building Societies (Deferred Shares) Order 1991;

"**Distributable Items**" has the meaning ascribed thereto in Condition 6.2;

"**Distribution**" means any distribution on, or repayment in part of the nominal amount of, a CCDS, in each such case, made by the Society in cash (whatever the currency);

"**EUWA**" means the European Union (Withdrawal) Act 2018;

"**Excluded Dissolution**" means each of (i) a winding up or dissolution of the Society for the purpose of a reconstruction, union, transfer, merger or amalgamation or the substitution in place of the Society of a successor in business, the terms of which reconstruction, union, transfer, merger or amalgamation or the substitution (x) have previously been approved by the Securityholders in accordance with Condition 15 and (y) do not provide that the Perpetual Capital Securities shall thereby become repayable in accordance with these Conditions, and (ii) a dissolution of the Society by virtue of the amalgamation and transfer provisions set out in sections 93, 94 and 97 of the Act, or by virtue of a transfer pursuant to an order made under section 3 of the Mutual Societies Transfers Act;

"**Existing PIBS**" means those outstanding of the Society's (i) £10,000,000 12⁵/₈ per cent. Permanent Interest Bearing Shares (ISIN: GB0006361371) (originally issued by the Society in 1992); (ii) £10,000,000 10³/₄ per cent. Permanent Interest Bearing Shares (ISIN: GB0006371529) (originally issued by the Society in 1993); (iii) £10,000,000 6.75 per cent. Permanent Interest Bearing Shares (ISIN: GB00B0712W15) (originally issued by Manchester Building Society in 2005); and (iv) £5,000,000 8 per cent. Permanent Interest Bearing Shares (ISIN: GB0008775057) (originally issued by Manchester Building Society in 1999);

As at the Issue Date, the entire aggregate nominal amount of the Existing PIBS remains outstanding.

"**Financial Year**" means the financial year of the Society (being the one-year period in respect of which it prepares annual audited financial statements) from time to time, which as at the Issue Date is the 12 months ending on 31 December in each year;

"**First Reset Date**" means 6 June 2030;

"**FSMA**" means the Financial Services and Markets Act 2000;

"**Further Perpetual Capital Securities**" has the meaning ascribed thereto in Condition 16(a);

"**Independent Adviser**" means an independent financial institution or independent adviser (which, for the avoidance of doubt, may (but need not) be any appointed Calculation Agent) with appropriate expertise in the context of its appointment, appointed by the Society at its own expense;

"**Initial Interest Rate**" has the meaning ascribed thereto in Condition 5.4;

"**Interest Payment Date**" means 6 June and 6 December in each year, starting on (and including) 6 June 2025;

"**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 Interest Rate and/or the applicable Reset Interest Rate, as the case may be;

"**Issue Date**" means 6 December 2024;

"**Junior Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**Liabilities**" means the unconsolidated gross liabilities of the Society as shown in its latest published audited balance sheet, but adjusted for contingent liabilities and for subsequent events in such manner as the directors of the Society may determine;

"**Margin**" means 10.096 per cent. per annum;

"**Maximum Distributable Amount**" has the meaning ascribed thereto in Condition 6.2;

"**Mutual Societies Transfers Act**" means the Building Societies (Funding) and Mutual Societies (Transfers) Act 2007;

"**Par Call Period**" means, with respect to a Reset Date, the period commencing on (and including) the date falling six calendar months prior to such Reset Date and ending on (and including) such Reset Date;

"**Parity Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**Perpetual Capital Securities**" has the meaning given in the preamble to these Conditions, and "**Perpetual Capital Security**" shall be construed accordingly;

"**Perpetual Capital Securities Register**" means the records of the Society maintained by the Registrar for the purposes of the Perpetual Capital Securities;

"**PRA Rulebook**" means the PRA Rulebook as it applies to CRR firms (as defined therein) maintained by the Regulator, as amended or replaced from time to time;

"**Principal Office**" means, with respect to the Society, its principal office from time to time, being as at the Issue Date at 1 Cobalt Park Way, Wallsend, NE28 9EJ, United Kingdom;

"**Principal Paying Agent**" means Citibank, N.A., London Branch or such other principal paying agent appointed by the Society from time to time in respect of the Perpetual Capital Securities;

"**Qualifying Parent**" has the meaning given in Condition 13.2;

"**Qualifying Parent Securities**" has the meaning given in Condition 13.2;

"**Rating Agency**" means any of Moody's Investors Service Limited, S&P Global Ratings UK Limited, Fitch Ratings Limited and each of their respective affiliates or successors;

"**Record Date**" has the meaning ascribed thereto in Condition 9.1(ii);

"Reference Date" means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Perpetual Capital Securities have been issued pursuant to Condition 16(a);

"Registrar" means Citibank, N.A., London Branch or such other registrar appointed by the Society from time to time in respect of the Perpetual Capital Securities;

"Regulator" means the UK Prudential Regulation Authority, the Bank of England and/or any successor or replacement thereto or such other authority or authorities in the United Kingdom or elsewhere having primary responsibility for the prudential oversight and supervision of, or resolution matters in relation to, the Society, as applicable;

"Regulatory Event" has the meaning ascribed thereto in Condition 7.4;

"Relevant Date" means whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received by the Registrar, the Principal Paying Agent or another registrar or agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Securityholders;

"Relevant Stock Exchange" means a United Kingdom stock exchange or securities market or another regularly operating, internationally recognised stock exchange or securities market;

"Relevant Tax Jurisdiction" has the meaning ascribed thereto in Condition 10;

"Reset Date" means the First Reset Date and each date that falls five, or a whole multiple of five, years following the First Reset Date;

"Reset Determination Date" means, in relation to a Reset Period, the day falling two Business Days prior to the Reset Date on which such Reset Period commences;

"Reset Interest Rate" means, in relation to a Reset Period, the sum of: (a) the Benchmark Gilt Reset Reference Rate in relation to that Reset Period; and (b) the Margin;

"Reset Period" means each period from (and including) any Reset Date and ending on (but excluding) the next Reset Date;

"Reset Reference Banks" means five leading gilt dealers in the principal interbank market relating to pounds sterling selected by the Society and notified in writing to the Principal Paying Agent;

"Risk Weighted Assets" means, as at any time, the aggregate amount, expressed in the Accounting Currency, of the risk weighted assets of the Society as at such time, as calculated by the Society (or by the Regulator or an agent appointed by it for such purpose) on an individual consolidated basis (as referred to in Article 9 of the Capital Requirements Regulation or any equivalent or similar law, rule or provision of the Capital Regulations then applicable to the Society) or, as the context requires, such other relevant Applicable Prudential Basis on which a CET1 Ratio is to be determined, in each case in accordance with the then-prevailing Capital Regulations but without applying any transitional, phasing in or similar provisions (if any) if and to the extent the Regulator then requires them to be disregarded for the purpose of determining whether a Conversion Trigger has occurred;

"Securityholder" means a person whose name and address is entered in the Perpetual Capital Securities Register as the holder of Perpetual Capital Securities or, in the case of a joint holding of Perpetual Capital Securities, the first person whose name is entered in the Perpetual Capital Securities Register in respect of the joint holding of the Perpetual Capital Securities (and the term **"holder"** in respect of any Perpetual Capital Security shall be construed accordingly);

"**Senior Obligations**" has the meaning ascribed thereto in Condition 4.2;

"**Society Conversion Benefits**" has the meaning ascribed thereto in Condition 1.3;

"**Solvency Test**" has the meaning ascribed thereto in Condition 4.4;

"**Sterling**" or "**£**" means British pounds sterling;

"**Subsidiary**" means each subsidiary undertaking (as defined under section 119 of the Act) for the time being of the Society;

"**Successor Entity**" has the meaning given in Condition 13.2;

"**Taxes**" has the meaning ascribed thereto in Condition 10;

"**Tax Event**" has the meaning ascribed thereto in Condition 7.3;

"**Tax Law Change**" has the meaning ascribed thereto in Condition 7.3;

"**Tier 1 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time; and

"**Tier 2 Capital**" has the meaning given to it (or any successor term) in the Capital Regulations from time to time.

SCHEDULE 3

PROVISIONS FOR MEETINGS OF SECURITYHOLDERS

DEFINITIONS

1. As used in this Schedule, the following expressions have the following meanings unless the context otherwise requires:

"**Accountholder**" means any person (other than a Clearing System) for the time being shown in the records of a Clearing System as the holder of a particular nominal amount of Perpetual Capital Securities (in which regard any certificate or other document issued by that Clearing System as to the nominal amount of Perpetual Capital Securities standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes);

"**block voting instruction**" means an English language document issued by the Principal Paying Agent and dated which:

- (a) relates to a specified nominal amount of Perpetual Capital Securities and a meeting (or adjourned meeting) of the Securityholders;
- (b) states that the Principal Paying Agent has been instructed (either by the Securityholders or by a relevant Clearing System upon instructions of one or more Accountholders) to attend the meeting and procure that the votes attributable to the Perpetual Capital Securities to which such instruction relates are cast at the meeting in accordance with the instructions given;
- (c) identifies with regard to each resolution to be proposed at the meeting the nominal amount of Perpetual Capital Securities in respect of which instructions have been given that the votes attributable to them should be cast in favour of the resolution and the nominal amount of Perpetual Capital Securities in respect of which instructions have been given that the votes attributable to them should be cast against the resolution; and
- (d) states that one or more named persons is or are authorised and instructed by the Principal Paying Agent to cast the votes attributable to the Perpetual Capital Securities identified in accordance with the instructions referred to in subparagraph (c) above as set out in the block voting instruction;

"**Perpetual Capital Securities**" means the Perpetual Contingent Convertible Additional Tier 1 Capital Securities issued by the Society (ISIN: XS2925943305) or, as the case may be, the relevant nominal amount thereof;

"**proxy**" means (i) each person who is named in a block voting instruction as being authorised and instructed by the Principal Paying Agent (acting in its capacity as the proxy of the Nominee, as set out in paragraph 2 below) to cast the votes attributable to the Perpetual Capital Securities identified in accordance with the instructions referred to in the block voting instruction and (ii) each Identified Person (as defined in paragraph 4(b) below);

a "**relevant Clearing System**" means, in respect of any Perpetual Capital Securities represented by a Global Certificate, Euroclear and/or Clearstream, Luxembourg and/or any other clearing system on behalf of which the Global Certificate is held or which is the holder or (directly or through a nominee) registered owner of the Global Securities, in either case whether alone or jointly with any other clearing system(s);

"**Society**" means Newcastle Building Society; and

"**voting certificate**" means an English language certificate issued by the Principal Paying Agent and dated in which it is stated that the bearer of the voting certificate is entitled to attend and vote at the meeting and any adjourned meeting in respect of the Perpetual Capital Securities represented by the certificate.

For the purposes of calculating a period of "**clear days**", no account shall be taken of the day on which a period commences or the day on which a period ends.

EVIDENCE OF ENTITLEMENT TO ATTEND AND VOTE

2. The provisions of this paragraph 2 apply whilst the Perpetual Capital Securities are represented by the Global Certificate and the Global Certificate is registered in the name of the Nominee. At a meeting of the Securityholders, the Nominee will have one vote in respect of each £1,000 in outstanding nominal amount of the Perpetual Capital Securities held and shall (save in respect of any Perpetual Capital Securities in respect of which a different proxy is appointed for the relevant meeting) appoint the Principal Paying Agent as its proxy to attend, speak and, on a resolution, vote at any such meeting and will direct the Principal Paying Agent, as its appointed proxy in respect of such nominal amount of Perpetual Capital Securities as specified by the Nominee, to act on the instructions of one or more Accountholders received by the Nominee (or by the Principal Paying Agent, as the Nominee's appointed proxy) through the relevant Clearing System(s). References in this Schedule 3 to "**Securityholders**" and similar references (but, for the avoidance of doubt, excluding references to persons who are the registered holders of Perpetual Capital Securities represented by definitive Certificates) shall, unless the context otherwise requires, mean Accountholders.
3. The following persons (each an "**Eligible Person**") are entitled to attend and vote at a meeting of the Securityholders:
 - (a) the registered holder of any Perpetual Capital Securities represented by a definitive Certificate;
 - (b) a bearer of any voting certificate; and
 - (c) a proxy specified in any block voting instruction.

Any holder of the Perpetual Capital Securities may require the issue by the Principal Paying Agent of voting certificates and block voting instructions in accordance with the terms of paragraph 4 below.

For the purposes of subparagraphs 4(a) and 4(d) below, the Principal Paying Agent shall be entitled to rely, without further enquiry, on any information or instructions received from a relevant Clearing System and shall have no liability to any Securityholder or other person for any loss, damage, cost, claim or other liability caused by its reliance on those instructions, nor for any failure by a relevant Clearing System to deliver information or instructions to the Principal Paying Agent.

Any holder of a voting certificate or a proxy shall for all purposes in connection with the meeting or adjourned meeting be deemed to be the holder of the Perpetual Capital Securities to which the voting certificate or block voting instruction (as the case may be) relates and the Principal Paying Agent with which the Perpetual Capital Securities have been deposited or the person holding the Perpetual Capital Securities to the order or under the control of the Principal Paying Agent shall be deemed for those purposes not to be the holder of those Perpetual Capital Securities.

4. (a) *Definitive Perpetual Capital Securities – voting certificate*

A holder of a definitive Certificate representing any Perpetual Capital Securities may obtain a voting certificate in respect of those Perpetual Capital Securities from the Principal Paying Agent (unless those Perpetual Capital Securities are the subject of a block voting instruction which has been issued and is outstanding in respect of the meeting specified in the voting certificate or any adjourned meeting) subject to the holder procuring that the Certificate is deposited with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) is held to its order or under its control (or, if applicable, the Perpetual Capital Securities represented thereby are blocked in an account with a relevant Clearing System) upon terms that the Perpetual Capital Securities will not cease to be deposited or held (or blocked) until the first to occur of:

- (i) the conclusion of the meeting specified in the voting certificate or, if later, of any adjourned meeting; and
- (ii) the surrender of the voting certificate to the Principal Paying Agent.

(b) *Global Perpetual Capital Securities – voting certificate*

A holder of, or Accountholder holding book-entry interests in, Perpetual Capital Securities (not being a Perpetual Capital Securities in respect of which instructions have been given to the Principal Paying Agent in accordance with subparagraph 4(d)) represented by a Global Certificate may procure the delivery of one or more voting certificates in respect of those Perpetual Capital Securities (provided that no two voting certificates shall be given in respect of the same Perpetual Capital Securities at any one time) by giving notice to the relevant Clearing System specifying by name one or more persons (each an "**Identified Person**") (which need not be the holder himself) to collect the voting certificate(s) and attend, speak and vote at the meeting. The voting certificate(s) will be made available at or shortly before the start of the meeting by the Principal Paying Agent against presentation by the relevant Identified Person of the form of identification previously notified by the holder to the relevant Clearing System. The Principal Paying Agent or relevant Clearing System may prescribe forms of identification (including, without limitation, passports) which it considers appropriate for these purposes. Subject to receipt by the Principal Paying Agent from the relevant Clearing System, no later than 24 hours before the time for which the meeting is convened, of notification of the nominal amount of the Perpetual Capital Securities to be represented by any voting certificate and the form of identification against presentation of which the voting certificate should be released, the Principal Paying Agent shall, without any obligation to make further enquiry, make available voting certificates against presentation of forms of identification corresponding to those notified.

(c) *Definitive Perpetual Capital Securities – block voting instruction*

A holder of a Certificate may require the Principal Paying Agent to issue a block voting instruction in respect of those Perpetual Capital Securities (unless those Perpetual Capital Securities are the subject of a voting certificate which has been issued and is outstanding in respect of the meeting specified in the block voting instruction or any adjourned meeting) by depositing the Certificate with the Principal Paying Agent or (to the satisfaction of the Principal Paying Agent) by:

- (i) procuring that, not less than 48 hours before the time fixed for the meeting, the Perpetual Capital Securities are held to the Principal Paying Agent's order or under its control or are blocked in an account with a relevant Clearing System, in each case on terms that the

Perpetual Capital Securities will not cease to be so deposited or held or blocked until the first to occur of:

- (A) the conclusion of the meeting specified in the block voting instruction or, if later, of any adjourned meeting; and
 - (B) the surrender to the Principal Paying Agent, not less than 48 hours before the time for which the meeting or any adjourned meeting is convened, of the receipt issued by the Principal Paying Agent in respect of each deposited Perpetual Capital Securities which is to be released or (as the case may require) the Perpetual Capital Securities ceasing with the agreement of the Principal Paying Agent to be held to its order or under its control or to be blocked and the giving of notice by the Principal Paying Agent to the Society in accordance with paragraph 4(d)(ii) of the necessary amendment to the block voting instruction; and
- (ii) instructing the Principal Paying Agent that the vote(s) attributable to each Perpetual Capital Security so deposited or held or blocked should be cast in a particular way in relation to the resolution or resolutions to be put to the meeting or any adjourned meeting and that the instruction is, during the period commencing 48 hours before the time for which the meeting or any adjourned meeting is convened and ending at the conclusion or adjournment of the meeting, neither revocable nor capable of amendment.

(d) *Global Perpetual Capital Securities – block voting instruction*

A holder of, or Accountholder holding book-entry interests in, Perpetual Capital Securities (not being Perpetual Capital Securities in respect of which a voting certificate has been issued) represented by a Global Certificate may require the Principal Paying Agent to issue a block voting instruction in respect of those Perpetual Capital Securities requiring that the votes attributable to those Perpetual Capital Securities should be cast at the meeting in a particular way in relation to the resolution or resolutions to be put to the meeting. Any such instruction shall be given in accordance with the rules of the relevant Clearing System then in effect. Subject to receipt by the Principal Paying Agent, no later than 24 hours before the time for which the meeting is convened, of (a) instructions from or through the relevant Clearing System, (b) notification of the nominal amount of Perpetual Capital Securities in respect of which instructions have been given and (c) the manner in which the votes attributable to the Perpetual Capital Securities should be cast, the Principal Paying Agent (or its authorised representative(s)) shall, without any obligation to make further enquiry, attend the meeting and cast votes in accordance with those instructions.

- (i) Each block voting instruction shall be deposited by the Principal Paying Agent at the place specified by the Principal Paying Agent for the purpose not less than 24 hours before the time appointed for holding the meeting or adjourned meeting at which the proxies named in the block voting instruction propose to vote, and in default the block voting instruction shall not be treated as valid unless the Chair of the meeting decides otherwise before the meeting or adjourned meeting proceeds to business. A copy of each block voting instruction shall (if so requested by the Society) be deposited with the Society before the start of the meeting or adjourned meeting but the Society shall not as a result be obliged to investigate or be concerned with the validity of or the authority of the proxies named in the block voting instruction.
- (ii) Any vote given in accordance with the terms of a block voting instruction shall be valid notwithstanding the previous revocation or amendment of the block voting instruction or

of any of the instructions of the relevant Securityholder or the relevant Clearing System on behalf of the relevant Accountholder (as the case may be) pursuant to which it was executed provided that no indication in writing of any revocation or amendment has been received from the Principal Paying Agent by the Society at its registered office by the time being 24 hours before the time appointed for holding the meeting or adjourned meeting at which the block voting instruction is to be used.

CONVENING OF MEETINGS, QUORUM, ADJOURNED MEETINGS

5. The Society alone may at any time convene a separate meeting of the Securityholders. The Society shall give notice in writing to the Principal Paying Agent and the Securityholders of the day, time and place (which need not be a physical place and may instead be by way of conference call, including by use of a videoconference platform, or a combination of any of the foregoing, and all reference to "place" and "present" in this Schedule 3 shall be construed accordingly, so far as the context admits) of the meeting and of the nature of the business to be transacted at the meeting. Every meeting shall be held at a time and place nominated by the Society.
6. At least 21 clear days' notice specifying the hour, date and place of the meeting shall be given to the Securityholders entered in the Perpetual Capital Securities Register 35 days prior to the date specified for the meeting, such notice to be given in the manner provided in Condition 17. The notice, which shall be in the English language, shall specify generally the nature of the business to be transacted at the meeting and the terms of any resolution to be proposed to alter the Conditions of the Perpetual Capital Securities. The notice shall include statements as to the manner in which Securityholders and Accountholders may arrange for voting certificates or block voting instructions to be issued.
7. The person (who may, but need not, be a Securityholder) nominated in writing by the Society shall be entitled to take the chair at each meeting but if no nomination is made or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting, the Eligible Persons present shall choose one of their number who is present to be Chair, failing which the Society may appoint a Chair. The Chair of an adjourned meeting need not be the same person as was Chair of the meeting from which the adjournment took place.
8. At any meeting one or more Eligible Persons present and holding or representing in aggregate not less than one-third of the nominal amount of Perpetual Capital Securities for the time being outstanding shall form a quorum for the transaction of business and no business (other than the choosing of a Chair) shall be transacted at any meeting unless the requisite quorum is present at the commencement of business. Any business may be transacted at a meeting in respect of which such quorum is present, including (without limitation) the consideration and approval of:
 - (a) any modifications to the Conditions of the Perpetual Capital Securities (including, without limitation, the Conditions relating to: the calculation, payment or cancellation of interest and determination of any Reset Interest Rate; subordination of the Perpetual Capital Securities; rights of Securityholders on a winding up or dissolution of the Society; and purchase, cancellation, repayment or substitution of, or variation of the Conditions of, the Perpetual Capital Securities); or
 - (b) reduction or cancellation of any amount payable, or modification of the payment date in respect of any interest payment in respect of the Perpetual Capital Securities; or
 - (c) modification of the currency in which payments under the Perpetual Capital Securities are to be made; or

- (d) modification of the majority required to pass a resolution; or
 - (e) modification of the provisions concerning the Conversion of the Perpetual Capital Securities; or
 - (f) the sanctioning of any scheme or proposal described in subparagraph 18(f).
9. If within half an hour after the time appointed for any meeting a quorum is not present, then the meeting shall, unless the Society elects to dissolve the meeting, be adjourned for a period being not less than 14 days nor more than 42 days and at a place appointed by the Chair and approved by the Principal Paying Agent. If within half an hour after the time appointed for any adjourned meeting a quorum (being one or more Eligible Persons present and holding or representing in the aggregate not less than one-third of the nominal amount of Perpetual Capital Securities for the time being outstanding) is not present, then one or more Eligible Persons present and holding or representing any Perpetual Capital Securities (whatever the nominal amount of Perpetual Capital Securities so held or represented) shall constitute a quorum for the business to be transacted at the meeting and shall have power to pass any resolution and to decide upon all matters which could properly have been dealt with at the meeting from which the adjournment took place had the required quorum been present.
10. Notice of any adjourned meeting shall be given in the same manner as notice of an original meeting but as if 10 were substituted for 21 in paragraph 6 and the notice shall state the relevant quorum requirements.

CONDUCT OF BUSINESS AT MEETINGS

11. Every resolution put to the meeting (other than the choosing of a Chair which will be decided by a simple majority on a show of hands) shall be decided by a poll of one or more persons present and holding Perpetual Capital Securities or being duly appointed proxies in respect of Perpetual Capital Securities. Any such resolution shall be duly passed if not less than three-quarters of the votes cast thereon are cast in favour.
12. A poll shall be taken in the manner and, subject as provided below, either at once or after an adjournment as the Chair may direct and the result of the poll shall be deemed to be the resolution of the meeting as at the date of the taking of the poll.
13. The Chair may, with the consent of (and shall if directed by a resolution of) any meeting, adjourn the meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than business left unfinished or not reached at the meeting from which the adjournment took place.
14. Any poll demanded at any meeting on the election of a Chair or on any question of adjournment shall be taken at the meeting without adjournment.
15. Any director or officer of the Society and its professional advisers may attend and speak at any meeting. Subject to this, no person shall be entitled to attend and speak nor shall any person be entitled to vote at any meeting of the Securityholders unless it is an Eligible Person. No person shall be entitled to vote at any meeting in respect of Perpetual Capital Securities which are for the time being held by or on behalf of or for the benefit of the Society, any subsidiary of the Society or any holding company of the Society or any subsidiary of such holding company, in each case as beneficial owner. Nothing contained in this paragraph shall prevent any of the proxies named in any block voting instruction from being a director, officer or representative of or otherwise connected with the Society.

16. Subject as provided in paragraph 15, at any meeting, on a poll every Eligible Person present shall have one vote in respect of each £1,000 in outstanding nominal amount of the Perpetual Capital Securities in respect of which it is an Eligible Person. Without prejudice to the obligations of the proxies named in any block voting instruction, any person entitled to more than one vote need not use all its votes or cast all the votes to which it is entitled in the same way.
17. Proxies need not be Securityholders.
18. A meeting of the Securityholders shall in addition to the powers set out above have the following powers exercisable by resolution (subject to the provisions relating to quorum contained in paragraphs 8 and 9), namely:
 - (a) power to approve any compromise or arrangement proposed to be made between the Society and the Securityholders or any of them;
 - (b) power to approve any abrogation, modification, compromise or arrangement in respect of the rights of the Securityholders against the Society or against any of its property, whether these rights arise under this Agreement, the Perpetual Capital Securities or otherwise and whether or not involving a reduction or cancellation of all or part of any interest or entitlement to any other amounts payable in respect of the Perpetual Capital Securities or an extinguishment of some or all of the rights of the Securityholders in respect of the Perpetual Capital Securities;
 - (c) power to agree to any modification of the provisions contained in this Agreement or the Conditions which is proposed by the Society;
 - (d) power to give any authority or approval which under the provisions of this Schedule or the Conditions is required to be given by resolution;
 - (e) power to appoint any persons (whether Securityholders or not) as a committee or committees to represent the interests of the Securityholders and to confer upon any committee or committees any powers or discretions which the Securityholders could themselves exercise by resolution;
 - (f) power to approve any scheme or proposal for the exchange or sale of the Perpetual Capital Securities for, or the conversion of the Perpetual Capital Securities into, or the cancellation of the Perpetual Capital Securities in consideration of, shares, deferred shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities of the Society or any other entity formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of shares, deferred shares, stock, notes, bonds, debentures, debenture stock and/or other obligations and/or securities as stated above and partly for or into or in consideration of cash; and
 - (g) power to approve the substitution of any entity in place of the Society (or any previous substitute) as the principal obligor in respect of the Perpetual Capital Securities.
19. Any resolution passed at a meeting of the Securityholders duly convened and held in accordance with the provisions of this Schedule shall be binding upon all the Securityholders whether or not present at the meeting and whether or not voting in favour and each of them shall be bound to give effect to the resolution accordingly and the passing of any resolution shall be conclusive evidence of the circumstances justifying the passing of the resolution.

20. A resolution may also be passed, without the need for a meeting of Securityholders, by way of a resolution in writing signed by or on behalf of Securityholders (or Accountholders) holding in aggregate not less than three-quarters in nominal amount of the Perpetual Capital Securities then outstanding (or book-entry interests therein). Such written resolution may be contained in one document or several documents in like form each signed by or on behalf of one or more such Securityholders (or Accountholders). Any written resolution passed shall be binding upon all the Securityholders whether or not signing the written resolution and each of them shall be bound to give effect to the resolution accordingly.
21. In respect of any Perpetual Capital Securities represented by a Global Certificate, a resolution may also be passed, without the need for a meeting of Securityholders, by way of electronic consents communicated through the electronic communications systems of the relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of Securityholders (or Accountholders) holding in aggregate not less than three-quarters in nominal amount of the Perpetual Capital Securities then outstanding (or book-entry interests therein). Any such resolution passed by way of electronic consents shall be binding upon all the Securityholders whether or not voting on the resolution and each of them shall be bound to give effect to the resolution accordingly.
22. Notice of any resolution duly passed, whether at a meeting of Securityholders, by written resolution or by way of electronic consents, shall be given in accordance with Condition 17 by the Society within 14 days of the passing of the resolution, provided that the non-publication of the notice shall not invalidate the resolution.
23. The expression "**resolution**" when used in this Schedule means: (a) a resolution passed at a meeting of the Securityholders duly convened and held; (b) a written resolution; or (c) consent given by way of electronic consents through the relevant Clearing System(s), in each case in accordance with the provisions of this Schedule.
24. Minutes of all resolutions and proceedings at every meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Society and any minutes purporting to be signed by the Chair of the meeting at which any resolution was passed or proceedings had shall be conclusive evidence of the matters contained in the minutes and, until the contrary is proved, every meeting in respect of the proceedings of which minutes have been made shall be deemed to have been duly held and convened and all resolutions passed or proceedings had to have been duly passed or had.
25. The accidental omission to send notice of a separate meeting or to send any document required to be sent with the notice or otherwise before the meeting to, or the non-receipt of notice of a separate meeting or any such document as aforesaid by, any person entitled to receive notices or documents shall not invalidate the proceedings at that meeting.

SCHEDULE 4

REGISTRATION AND TRANSFER OF PERPETUAL CAPITAL SECURITIES

1. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the Perpetual Capital Securities Register, and will specify the nominal amount of Perpetual Capital Securities registered in the name of such holder(s) as at the time of issue of such Certificate.
2. The Perpetual Capital Securities are transferable in accordance with the Rules in minimum nominal amounts of £200,000 and integral multiples of £1,000 in excess thereof. No transfer of Perpetual Capital Securities shall be valid unless made in the form endorsed on the Certificate or in such other form as the Board of Directors of the Society may agree, which form shall be duly completed and signed (as appropriate) and presented to the Registrar. Title to the Perpetual Capital Securities will pass upon registration of such transfer in the Perpetual Capital Securities Register.
3. The form of transfer endorsed on the Certificate must be executed under the hand of the transferor or, where the transferor is a corporation, under its common seal or, where this has binding effect under all applicable laws, by two directors or a director and the company secretary of the transferor or, if otherwise permitted by law, under the hand of two of its officers duly authorised in writing (or in such other form as the Board of Directors of the Society may agree, which form shall be duly completed and signed (as appropriate)). In this Schedule 4, "**transferor**" shall, where the context permits or requires, include joint transferors and be construed accordingly.
4. The Certificate in respect of the Perpetual Capital Securities to be transferred must be delivered for registration to the specified office of the Registrar with the form of transfer endorsed on the Certificate (or in such other form as the Board of Directors of the Society may agree) duly completed and executed and must be accompanied by the documents, evidence and information required pursuant to the Conditions and such other evidence as the Society or the Registrar may reasonably require to prove the title of the transferor or its right to transfer the Perpetual Capital Securities and, if the form of transfer is executed by some other person on its behalf or in the case of the execution of a form of transfer on behalf of a corporation by its officers, the authority of that person or those persons to do so.
5. The executors or administrators of a deceased holder of Perpetual Capital Securities (not being one of several joint Securityholders) and in the case of the death of one or more of several joint Securityholders the survivor of the joint Securityholders shall be the only person or persons recognised by the Society as having any title to the Perpetual Capital Securities.
6. Any person becoming entitled to Perpetual Capital Securities in consequence of the death or bankruptcy of the holder of such Perpetual Capital Securities may upon producing such evidence that it holds the position in respect of which it proposes to act under this paragraph or of its title as the Society shall reasonably require be registered himself as the holder of such Perpetual Capital Securities or, subject to the preceding paragraphs as to transfer, may transfer such Perpetual Capital Securities. The Society shall be at liberty to retain any amount payable upon the Perpetual Capital Securities to which any person is so entitled until the person shall be registered as provided above or shall duly transfer the Perpetual Capital Securities.
7. Unless otherwise requested by him and agreed by the Society, the holder of Perpetual Capital Securities shall be entitled to receive only one Certificate in respect of its entire holding

8. The joint Securityholders of Perpetual Capital Securities shall be entitled to one Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint holder whose name appears first in the Perpetual Capital Securities Register in respect of the joint holding.
9. Each new Certificate to be issued following a transfer will be mailed by uninsured mail at the risk of the holder entitled to the Perpetual Capital Securities to the address specified in the form of transfer within 14 days of the date of registration of the transfer in the Perpetual Capital Securities Register (or, if later, within 14 days of the written request of the relevant Securityholder to be issued a Certificate).
10. Where a holder of Perpetual Capital Securities has transferred part only of its holding, a new Certificate in respect of the nominal amount of Perpetual Capital Securities not so transferred will, within 14 days of receipt by the Registrar of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Perpetual Capital Securities not so transferred to the address of such holder appearing on the Perpetual Capital Securities Register or as specified in the form of transfer.
11. The Society shall make no charge to the Securityholders for the registration of any holding of Perpetual Capital Securities or any transfer thereof or for the issue thereof or for the delivery of Certificates at the specified office of the Registrar or by mail to the address specified by the Securityholder. Registration of transfer of Perpetual Capital Securities will be effected without charge by or on behalf of the Society or the Registrar but upon payment (or the giving of such indemnity as the Society or the Registrar may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer. If any Securityholder entitled to receive a Certificate wishes to have the same delivered to him otherwise than at the specified office of the Registrar, the delivery shall be made, upon its written request to the Registrar, at its risk and (except where sent by mail to the address specified by the Securityholder) at its expense.
12. The holder of a Certificate may (to the fullest extent permitted by all applicable laws) be treated at all times, by all persons and for all purposes as the absolute owner of the Perpetual Capital Securities in respect of which the Certificate has been issued notwithstanding any notice any person may have of the right, title, interest or claim of any other person. The Society shall not be bound to see to the execution of any trust to which any Perpetual Capital Securities may be subject and no notice of any trust shall be entered on the Perpetual Capital Securities Register. The registered holder of any Perpetual Capital Securities will be recognised by the Society as entitled to such Perpetual Capital Securities free from any equity, set-off or counterclaim on the part of the Society against the original or any intermediate holder of the Perpetual Capital Securities.

SCHEDULE 5

FORM OF NOMINEE'S LETTER

(On the Letterhead of the Nominee)

To: Newcastle Building Society
1 Cobalt Park Way
Wallsend
NE28 9EJ

and

cc: The Community Foundation serving Tyne & Wear and Northumberland
Philanthropy House
Woodbine Rd
Gosforth
Newcastle upon Tyne
NE3 1DD

LETTER TO NEWCASTLE BUILDING SOCIETY AND THE COMMUNITY FOUNDATION SERVING TYNE & WEAR AND NORTHUMBERLAND

Citivic Nominees Limited (the "**Nominee**") hereby applies for its name to be entered in the Perpetual Capital Securities Register as the holder of £40,000,000 Perpetual Contingent Convertible Additional Tier 1 Capital Securities (ISIN: XS2925943305) (the "**Perpetual Capital Securities**") of Newcastle Building Society (the "**Society**"). The Nominee also hereby applies to be (to the extent it is not already so) a charity member of the Community Foundation serving Tyne & Wear and Northumberland (Registered Charity No. 700510, limited Company No. 2273708) (the "**Charity Assignee**").

The Nominee hereby assigns and agrees that it is bound to assign to the Charity Assignee (or such other charity or charities nominated by the Society or the Charity Assignee from time to time pursuant to any scheme for charitable assignment established by the Society) (at no further cost to the Nominee) any and all Society Conversion Benefits to which the Nominee would otherwise become entitled as a member of the Society at any time before, or within two years after, the Nominee's membership with the Society comes to an end, and to do any and all things, and execute and deliver any and all documents, necessary to give effect to such assignment. This letter agreement is irrevocable and the Nominee hereby irrevocably authorises the Society to make over to the Charity Assignee (or such other charity or charities nominated by the Society or the Charity Assignee from time to time pursuant to any scheme for charitable assignment established by the Society) any such benefits without further notice to the Nominee. The Nominee acknowledges that neither the Society nor the Charity Assignee will release the Nominee from this letter agreement or vary its terms. The Nominee also acknowledges that it will be subject to the charitable assignment irrespective of the length of its membership of the Society, even if other shareholding members of the Society may be excepted from the charitable assignment based on their length of membership.

If, notwithstanding the assignment in accordance with the preceding paragraph, the Nominee receives any amounts representing any Society Conversion Benefits at any time, the Nominee irrevocably agrees that it waives its entitlement to retain any Society Conversion Benefits received by it and the Nominee covenants promptly to pay and deliver such Society Conversion Benefits to the Charity Assignee (or to the Society for payment and delivery

to the Charity Assignee) and, until such time as payment is made, will hold a sum equal to such amount on trust for the Charity Assignee.

The Nominee has been informed by the Society that (except in the case of any class of person where the Society considers this to be inappropriate, which as at the date of this letter include persons who were members on 31 March 1999 or who have been a member for at least 5 years (noting that, as set out above, the latter exclusion will not apply to the Nominee)) the Society will require on behalf of itself and the Charity Assignee that all applicants for share accounts with the Society or for the issue of any deferred shares in the Society agree to the above provisions (or provisions having substantially the same effect) unless the Society decides and announces by press release that it is no longer in the best interests of the Society to do so generally on a continuing basis. For the avoidance of doubt, any such decision by the Society would not have a retrospective effect and the Nominee would continue to be bound by this letter agreement.

Upon a transfer by the Society of the whole of its business to a Successor Entity in accordance with the Conditions of Issue of the Perpetual Capital Securities set out in Part 2 of Schedule 2 of the Agency Agreement dated 6 December 2024 and entered into by (amongst others) the Society in connection with the Perpetual Capital Securities (as amended from time to time, the "**Conditions**"), the Nominee hereby undertakes that it will (unless otherwise agreed as part of the terms of the transfer at the relevant time) direct that the Bonds or, as the case may be, Qualifying Parent Securities to be delivered to it under the Conditions shall instead be delivered directly to (or to the order of) the Accountholders as if those Accountholders had, at the vesting date, held in definitive form the nominal amount of Perpetual Capital Securities corresponding to their book-entry interest in the Perpetual Capital Securities at that time (provided that if the Bonds or, as the case may be, Qualifying Parent Securities are to be held in one or more clearing systems, the Nominee may act as nominee, or direct that the Bonds or, as the case may be, Qualifying Parent Securities are transferred to another nominee, for the relevant clearing system(s) to hold them in such capacity, such that the Accountholders may receive book-entry interests in such Bonds or, as the case may be, Qualifying Parent Securities through the relevant clearing system(s)). References in this letter to "**Accountholders**" are to each person (other than a Clearing System) who is for the time being shown in the records of a Clearing System as the holder of a particular nominal amount of Perpetual Capital Securities (in which regard any certificate or other document issued by that Clearing System as to the nominal amount of Perpetual Capital Securities standing to the account of any person shall, save in the case of manifest error, be conclusive and binding for all purposes), and references to "**Clearing System**" mean each of Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), Euroclear Bank SA/NV ("**Euroclear**") and/or any replacement, successor or other clearing system in which the Perpetual Capital Securities are for the time being cleared with the consent of the Society.

The Nominee acknowledges that its name is to be entered in the Perpetual Capital Securities Register as the sole holder of legal title to all of the Perpetual Capital Securities held through Euroclear and Clearstream, Luxembourg and, accordingly, the Nominee will be the sole person deriving membership rights in the Society from a holding of such Perpetual Capital Securities. Therefore, the Nominee alone will be entitled to exercise the voting and other members' rights attributable to those Perpetual Capital Securities, including at any general meeting of the Society or in a postal ballot or electronic ballot. An investor holding a beneficial interest in the Perpetual Capital Securities held through Euroclear or Clearstream, Luxembourg will not be a member of the Society by virtue of its investment in the Perpetual Capital Securities.

The Nominee hereby confirms to the Society that, given the difficulty of casting the single vote at a general meeting of the members of the Society in a manner which reflects the views of all Accountholders and the insignificance of that vote in the context of all the votes which may be cast by members of the Society, the Nominee does not intend to exercise its vote, as a member of the Society, on any resolution put to a general meeting of the Society or in a postal ballot or electronic ballot insofar as such vote relates to its holding of Perpetual Capital Securities.

Words and expressions defined in the Conditions and not otherwise defined in this letter shall have the same meanings when used in this letter.

This letter agreement may be executed in any number of counterparts, all of which, taken together, shall constitute one and the same agreement.

This letter agreement and any non-contractual obligation arising out of or in connection with it are governed by, and shall be construed in accordance with, English law. The Nominee agrees for the benefit of the Society that the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter agreement, including any dispute as to its existence, validity, interpretation, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (a "**Dispute**"). The Nominee submits accordingly to the exclusive jurisdiction of the English courts and waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

Dated: 6 December 2024

Signed for and on behalf of
Citivic Nominees Limited

.....
Duly authorised signatory

(Countersignature page follows)

Acknowledged and agreed by

Newcastle Building Society

.....

Duly authorised

cc. The Community Foundation serving Tyne & Wear and Northumberland

SIGNATORIES

The Society

NEWCASTLE BUILDING SOCIETY

[DAVID SAMPER]

By:

David Samper – CFO

Name:

Registrar, Transfer Agent and Principal Paying Agent

CITIBANK, N.A., LONDON BRANCH

[VIOLA JAPPAUL]

By:

Viola Japaul - Director

Name: