

## IMPORTANT NOTICE

To whom this may concern,

### **Proposed offering of £1,250,000,000 8.875 per cent. Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (the "Securities") issued by Barclays PLC (the "Issuer")**

The Issuer is proposing to undertake an offering (the "**Offer**") of the Securities on the terms set out in an offering circular dated 27 June 2022 (the "**Offering Circular**") which is being sent to you with this letter. This letter contains important information relating to restrictions with respect to the offer and sale of the Securities (including pursuant to the Regulations (as defined below)) to retail investors.

#### **Restrictions on marketing and sales of the Securities to retail investors**

1. The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein).
2. In the United Kingdom (the "**UK**"), the UK Financial Conduct Authority Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "retail client") in the UK.

Certain of the Managers are required to comply with the COBS.

By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

- (a) it is not a retail client in the UK; and
- (b) it will not sell or offer the Securities (or any beneficial interests therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

In selling or offering the Securities or making or approving communications relating to the Securities, prospective investors may not rely on the limited exemptions set out in the COBS.

3. The obligations in paragraph 2 above are in addition to the need to comply at all times with all other applicable laws, regulations and regulatory guidance (whether inside or outside the European Economic Area ("**EEA**") or the UK) relating to the promotion, offering, distribution and/or sale of the Securities (or any beneficial interests therein), whether or not specifically mentioned in this Offering Circular, including (without limitation) any requirements under Directive 2014/65/EU (as amended, "**MiFID II**") or the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") as to determining the appropriateness and/or suitability of an investment in the Securities (or any beneficial interests therein) for investors in any relevant jurisdiction.
4. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS.** The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional

client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS.** The Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA ("**UK MiFIR**"). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

You acknowledge that each of the Issuer and the Managers will rely upon the truth and accuracy of the representations, warranties, agreements and undertakings set forth herein and are entitled to rely upon this letter and are irrevocably authorised to produce this letter or a copy hereof to any interested party in any administrative or legal proceeding or official inquiry with respect to the matters covered hereby. This letter is additional to, and shall not replace, the obligations set out in any pre-existing general engagement terms entered into between you and any one of the Managers relating to the matters set out herein.

Capitalised but undefined terms used in this letter shall have the meaning given to them in the Offering Circular.

This document is not an offer to sell or an invitation to buy any Securities.

Your offer or agreement to buy any Securities will constitute your acceptance of the terms of this letter and your confirmation that the representations and warranties made by you pursuant to this letter are accurate.

This letter and any non-contractual obligations arising out of or in connection with it are governed by English law. The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this letter (including a dispute relating to the existence or validity of this letter or any non-contractual obligations arising out of or in connection with this letter) or the consequences of its nullity.

Should you require any further information, please do contact us.

Yours faithfully

**BARCLAYS BANK PLC**

**and the other Managers**

cc: Barclays PLC

OFFERING CIRCULAR DATED 27 JUNE 2022



BARCLAYS PLC

*(incorporated with limited liability in England and Wales)*

**£ 1,250,000,000 8.875 per cent. Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities**

Barclays PLC (the "**Issuer**") is issuing £1,250,000,000 aggregate principal amount of 8.875 per cent. Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (the "**Securities**") at an issue price of 100 per cent.

Application has been made for the Securities to be admitted to trading on the International Securities Market of the London Stock Exchange plc (the "**ISM**") on or about 28 June 2022. The Securities are a new issue of securities and have no established trading market. There can be no assurance that an active trading market in the Securities will develop, and any trading market that does develop may not be liquid. The ISM is not a regulated market for the purposes of Regulation (EU) No 600/2014 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**").

**The ISM is a market designated for professional investors. Securities admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the "FCA"). The London Stock Exchange plc has not approved or verified the contents of this Offering Circular.** This Offering Circular does not comprise (i) a prospectus for the purposes of Part IV of the Financial Services and Markets Act 2000, as amended (the "**FSMA**") or (ii) a prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**").

From (and including) the date of issuance to (but excluding) 15 March 2028 (the "**First Reset Date**") (such First Reset Date and each fifth anniversary date thereafter being a "**Reset Date**"), the interest rate on the Securities will be 8.875 per cent. per annum. From (and including) each Reset Date to (but excluding) the next following Reset Date, the applicable interest rate per annum will be equal to the sum of the applicable Reference Bond Rate (as defined herein) on the Reset Determination Date (as defined herein) immediately preceding the relevant Reset Date and 6.955 per cent. **The interest rate following any Reset Date may be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date.** Subject to the conditions set out herein (the "**Conditions**"), interest, if any, will be payable quarterly in arrear on 15 March, 15 June, 15 September and 15 December of each year (each, an "**Interest Payment Date**"), commencing on 15 December 2022. A payment made on 15 December 2022, if any, would be in respect of the period from (and including) 28 June 2022 to (but excluding) 15 December 2022 (and thus a long first interest period).

**Interest on the Securities will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. In certain circumstances, the Issuer shall be restricted from making an interest payment (in whole or in part) on the Securities on an Interest Payment Date and the interest payable in respect of any such Interest Payment Date shall be deemed cancelled (in whole or in part) and therefore not due and payable. Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled or deemed cancelled in accordance with the terms of the Securities. The Securities are perpetual and have no fixed maturity or fixed redemption date. As a result of the fact that the Securities are perpetual securities and that interest on the Securities will be due and payable only at the Issuer's sole discretion and that the Issuer may cancel (in whole or in part) any interest payment at any time, the Issuer is not required to make any payment of the principal amount of the Securities at any time prior to its winding-up or administration and Holders (as defined herein) may not receive interest on any Interest Payment Date.**

The rights and claims of the Holders will be subordinated to the claims of Senior Creditors (as defined herein).

Subject to certain conditions, the Issuer may, at its option, redeem the Securities, in whole but not in part, on any day falling in the period commencing on (and including) 15 September 2027 and ending on (and including) the First Reset Date or on any subsequent Reset Date (or at any time in the event of a change in certain UK regulatory capital requirements or upon the occurrence of certain tax events as described herein) at 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described herein) to (but excluding) the date fixed for redemption.

**If a Capital Adequacy Trigger Event (as defined herein) occurs, then an Automatic Conversion (as defined herein) will occur on the Conversion Date (as defined herein), at which point all of the Issuer's obligations under the Securities (other than certain Issuer obligations in connection with the Conversion Shares Offer (as defined herein), if any, which are referred to herein as the CSO Obligations (as defined herein)) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares (as defined herein) to**

the Conversion Shares Depository (as defined herein) (or other relevant recipient as set out herein) on the Conversion Date at the Conversion Price, and under no circumstances shall such released obligations be reinstated. The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the Holders or the relevant recipient in accordance with the terms of Securities). The Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be made by the Conversion Shares Depository to all or some of the then existing shareholders of the Issuer. The realisable value of any Conversion Shares received by a Holder following an Automatic Conversion may be significantly less than the Conversion Price (as defined herein) of £1.65 initially, and Holders could lose all or part of their investment in the Securities as a result of the Automatic Conversion.

Following an Automatic Conversion, the Securities shall remain in existence until the applicable Cancellation Date (as defined herein) for the sole purpose of evidencing: (a) the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration (as defined herein), as applicable, from the Conversion Shares Depository; and (b) the Issuer's CSO Obligations, if any.

**In addition to the above, pursuant to the FCA Conduct of Business Sourcebook ("COBS") the Securities are not intended to be offered, sold or otherwise made available and should not be offered, sold or otherwise made available to retail clients (as defined in COBS 3.4) in the UK.**

The Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") and are subject to United States tax law requirements. The Securities are being offered outside the United States by the Managers (as defined in the section entitled "*Subscription and Sale*" below) in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

**Singapore Securities and Futures Act Product Classification** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act 2001 of Singapore (the "SFA") and the Securities and Futures (Capital Markets Products) Regulations 2018 (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Securities are "prescribed capital markets products" (as defined in the CMP Regulations 2018).

The Securities will be in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Securities will be represented by a global certificate deposited with a common depository for Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or Euroclear Bank SA/NV ("**Euroclear**" and, together with Clearstream, Luxembourg, the "**Clearing Systems**") and registered in the name of such depository or its nominee. Beneficial interests in the Securities will be held through Clearstream, Luxembourg and/or Euroclear and their respective direct and indirect participants, and such direct and indirect participants will record beneficial interests on their books. The Issuer will not issue individual certificates in respect of the Securities except in limited circumstances set out in the section entitled "*Forms of the Securities*" below. Settlement of the Securities will occur through the Clearing Systems against payment for value on 28 June 2022.

The Securities are expected on issue to be rated B+ by S&P Global Ratings UK Limited ("**S&P**"), Ba2 by Moody's Investors Service Ltd. ("**Moody's**") and BBB- by Fitch Ratings Limited ("**Fitch**"). Each of S&P, Moody's and Fitch is established in the UK and registered under Regulation (EU) No 1060/2009 as it forms part of domestic law of the United Kingdom by virtue of the EUWA (the "**UK CRA Regulation**"). As such, each of S&P, Moody's and Fitch appears on the latest update of the list of registered credit rating agencies published by the FCA on its website in accordance with the UK CRA Regulation. Each of the ratings S&P, Moody's and Fitch has given to the Securities is endorsed by S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited respectively, each of which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the "**EU CRA Regulation**"). **A security rating is not a recommendation to buy, sell or hold Securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

*Investing in the Securities involves significant risks.* For more information, see the section entitled "*Risk Factors*" below, and the information included and incorporated by reference in this Offering Circular for a discussion of the factors investors should carefully consider before deciding to invest in the Securities.

**Investors should reach their own investment decision about the Securities only after consultation with their own financial and legal advisers about risks associated with an investment in the Securities and the suitability of investing in the Securities in light of the particular characteristics and terms of the Securities, which are complex in structure and operation, and in light of each investor's particular financial circumstances.**

*Sole Structuring Adviser and Sole Bookrunner*  
**Barclays**

*Joint Lead Managers*

**BBVA**  
**Commerzbank**  
**Natixis**  
**TD Securities**

**BNP PARIBAS**  
**ING**  
**SMBC Nikko**  
**UBS Investment Bank**

**Citigroup**  
**J.P. Morgan**  
**Standard Chartered Bank**  
**UniCredit**

	<i>Co-Lead Managers</i>	
<b>ANZ</b>	<b>Banco Sabadell</b>	<b>Santander Corporate and Investment Banking</b>
<b>BMO Capital Markets</b>	<b>DZ BANK AG</b>	<b>Landesbank Baden-Württemberg</b>
<b>MUFG</b>	<b>SEB</b>	<b>Société Générale Corporate &amp; Investment Banking</b>
<b>Swedbank</b>		<b>Wells Fargo Securities</b>

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## IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Offering Circular and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Offering Circular is, to the best of the Issuer's knowledge, in accordance with the facts and contains no omission likely to affect its import.

This Offering Circular must be read and construed with any information incorporated by reference herein (see the section entitled "*Information Incorporated by Reference*" below).

The Issuer has confirmed to the Managers (as defined in the section entitled "*Subscription and Sale*" below) that this Offering Circular contains all information which is (in the context of the issue, offering and sale of the Securities) material with regard to the Issuer and its subsidiaries, such information is true and accurate in all material respects and is not misleading in any material respect and does not omit to state any other fact required to be stated herein or the omission of which would make any information contained herein misleading in any material respect and all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all such information.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer, the Group (as defined below) or the Securities other than as contained in this Offering Circular or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Managers.

Neither the Managers, the Trustee nor any of their respective affiliates have authorised the whole or any part of this Offering Circular and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Security shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the Issuer's or Group's condition (financial or otherwise) since the date of this Offering Circular.

To the fullest extent permitted by law, neither the Trustee nor the Managers accepts any responsibility for the contents of this Offering Circular (save for their respective names, address details and any other written information provided to the Issuer by or on behalf of the Trustee or the Managers specifically for inclusion herein) or for any other statement, made or purported to be made by the Trustee or a Manager or on its behalf in connection with the Issuer or the issue and offering of the Securities. The Trustee and each Manager accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any Securities.

The distribution of this Offering Circular and the offering, sale and delivery of Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and by the Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Securities and on distribution of this Offering Circular and other offering material relating to the Securities, see the section entitled "*Subscription and Sale*" below.

### **Restrictions on marketing and sales to retail investors**

The Securities are complex financial instruments and are not a suitable or appropriate investment for all investors, especially retail investors. In some jurisdictions, regulatory authorities have adopted or published laws, regulations or guidance with respect to the offer or sale of securities such as the Securities to retail investors.

1. In the United Kingdom ("UK"), the UK Financial Conduct Authority Conduct of Business Sourcebook ("**COBS**") requires, in summary, that the Securities should not be offered or sold to retail clients (as defined in COBS 3.4 and each a "retail client") in the UK. Potential investors in the Securities should inform themselves of, and comply with, any applicable laws, regulations or regulatory guidance with respect to any resale of the Securities (or any beneficial interests therein).



Certain of the Managers are required to comply with the COBS.

By purchasing, or making or accepting an offer to purchase, any Securities (or a beneficial interest in such Securities) from the Issuer and/or the Managers, each prospective investor represents, warrants, agrees with and undertakes to the Issuer and each of the Managers that:

- (a) it is not a retail client in the UK; and
- (b) it will not sell or offer the Securities (or any beneficial interests therein) to retail clients in the UK or communicate (including the distribution of this Offering Circular) or approve an invitation or inducement to participate in, acquire or underwrite the Securities (or any beneficial interests therein) where that invitation or inducement is addressed to or disseminated in such a way that it is likely to be received by a retail client in the UK.

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3. Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

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**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Securities has led to the conclusion that: (i) the target market for the Securities is only eligible counterparties, as defined in COBS, and professional clients, as defined in UK MiFIR; and (ii) all channels

for distribution of the Securities to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the manufacturer's target market assessment; however, a distributor subject to the UK MiFIR Product Governance Rules is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the manufacturer's target market assessment) and determining appropriate distribution channels.

Where acting as agent on behalf of a disclosed or undisclosed client when purchasing, or making or accepting an offer to purchase, any Securities (or any beneficial interests therein) from the Issuer and/or the Managers, the foregoing representations, warranties, agreements and undertakings will be given by and be binding upon both the agent and its underlying client(s).

The Issuer is not a bank nor an authorised deposit-taking institution which is authorised under the *Banking Act 1959 (Cth)* of Australia (the "**Australian Banking Act**") nor is it authorised to carry on banking business under the Australian Banking Act. The Securities are not obligations of any government and, in particular, are not guaranteed by the Commonwealth of Australia. The Issuer is not supervised by the Australian Prudential Regulation Authority. Securities that are offered for issue or sale or transferred in, or into, Australia are offered only in circumstances that would not require disclosure to investors under Part 6D.2 or Part 7.9 of the Corporations Act and issued and transferred in compliance with the terms of the exemption from compliance with section 66 of the Australian Banking Act that is available to the Issuer. Such Securities are issued or transferred in, or into, Australia in parcels of not less than A\$500,000 in aggregate principal amount. An investment in any Securities issued by the Issuer will not be covered by the depositor protection provisions in section 13A of the Australian Banking Act and will not be covered by the Australian government's bank deposit guarantee (also commonly referred to as the Financial Claims Scheme) under the Australian Banking Act.

#### **Suitability of investment in the Securities**

The Securities are high risk and complex financial instruments and such instruments may be purchased by investors as a way to enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. Each potential investor in the Securities should determine the suitability of such investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Offering Circular;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risk of an investment in the Securities or where the currency for principal or interest payments is different from the currency in which such investor's financial activities are principally denominated;
- (iv) understand thoroughly the terms of the Securities, such as the provisions governing an Automatic Conversion (including, in particular, the circumstances under which a Capital Adequacy Trigger Event may occur) and the situations in which interest payments may be cancelled or deemed cancelled and be familiar with the resolution regime applicable to the Group, including the possibility that the Securities may become subject to write-down or conversion if the resolution powers are exercised; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

determine the appropriate treatment of the Securities under any applicable risk-based capital or similar rules.

Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Offering Circular or incorporated by reference herein.

In this Offering Circular, unless otherwise specified:

- references to "**A\$**" are to the lawful currency for the time being of the Commonwealth of Australia;
- references to "**£**", "**sterling**" and "**pounds sterling**" are to the lawful currency for the time being of the United Kingdom (the "**UK**");
- references to (i) "**£m**" and "**£bn**" represent millions and thousands of millions of pounds sterling, respectively, and (ii) "**\$bn**" represents thousands of millions of U.S. dollars;
- references to "**Clearstream, Luxembourg**", "**Euroclear**" or the "**Clearing Systems**" shall include any successor clearing systems;
- the term "**Group**" shall mean Barclays PLC (or any successor entity) and its consolidated subsidiaries, unless the context indicates otherwise;
- references to the "**U.S.**" are to the United States of America; and
- the term "**PRA**" shall mean the Prudential Regulation Authority of the UK or such other governmental authority in the UK (or if Barclays PLC becomes domiciled in a jurisdiction other than the UK, such other jurisdiction) having primary responsibility for the prudential supervision of Barclays PLC.

**In connection with the issue of the Securities, Barclays Bank PLC (the "Stabilising Manager") (or any person acting on behalf of the Stabilising Manager) may over-allot Securities or effect transactions with a view to supporting the market price of the Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Securities and 60 days after the date of the allotment of the Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager (or any person acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules and, in particular, must not be conducted in Australia or on a market operated inside Australia.**

#### **Forward-looking statements**

This Offering Circular and certain documents incorporated by reference herein contain certain forward-looking statements within the meaning of Section 21E of the U.S. Securities Exchange Act of 1934, as amended, and Section 27A of the U.S. Securities Act of 1933, as amended, with respect to the Issuer and its consolidated subsidiaries (the "**Group**" or "**Barclays**"). The Issuer cautions readers that no forward-looking statement is a guarantee of future performance and that actual results or other financial condition or performance measures could differ materially from those contained in the forward-looking statements. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements sometimes use words such as "may", "will", "seek", "continue", "aim", "anticipate", "target", "projected", "expect", "estimate", "intend", "plan", "goal", "believe", "achieve" or other words of similar meaning. Examples of forward-looking statements include, among others, statements or guidance regarding or relating to the Group's future financial position, income growth, assets, impairment charges, provisions, business strategy, capital, leverage and other regulatory ratios, capital distributions (including dividend pay-out ratios and expected payment strategies), projected levels of growth in the banking and financial markets, projected costs or savings, any commitments and targets (including, without limitation, Environmental and Social Governance ("**ESG**") commitments and targets), estimates of capital expenditures, plans and objectives for future operations, projected employee numbers, International Financial Reporting Standards ("**IFRS**") impacts and other statements that are not historical

fact. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances.

The forward-looking statements speak only as at the date on which they are made. Forward-looking statements may be affected by a number of factors, including, without limitation: changes in legislation; the development of standards and interpretations under IFRS, including evolving practices with regard to the interpretation and application of accounting and regulatory standards, emerging and developing ESG reporting standards; the outcome of current and future legal proceedings and regulatory investigations; future levels of conduct provisions; the policies and actions of governmental and regulatory authorities; the Group's ability along with governments and other stakeholders to measure, manage and mitigate the impacts of climate change effectively; environmental, social and geopolitical risks; and the impact of competition. In addition, factors including (but not limited to) the following may have an effect: capital, leverage and other regulatory rules applicable to past, current and future periods; UK, the United States ("U.S."), Eurozone and global macroeconomic and business conditions; the effects of any volatility in credit markets; market related risks such as changes in interest rates and foreign exchange rates; effects of changes in valuation of credit market exposures; changes in valuation of issued securities; volatility in capital markets; changes in credit ratings of any entity within the Group or any securities issued by such entities; the direct and indirect consequences of the Russia-Ukraine War on European and global macroeconomic conditions, political stability and financial markets; direct and indirect impacts of the coronavirus ("COVID-19") pandemic; instability as a result of the UK's exit from the European Union (the "EU"), the effects of the EU-UK Trade and Cooperation Agreement and the disruption that may subsequently result in the UK and globally; the risk of cyber-attacks, information or security breaches or technology failures on the Group's reputation, business or operations; and the success of future acquisitions, disposals and other strategic transactions. A number of these influences and factors are beyond the Group's control. As a result, the Group's actual financial position, future results, capital distributions, capital, leverage or other regulatory ratios or other financial and non-financial metrics or performance measures or ability to meet commitments and targets may differ materially from the statements or guidance set forth in the Group's forward-looking statements. Additional risks and factors which may impact the Group's future financial condition and performance are identified in the Issuer's 2021 Annual Report (as defined in the section entitled "*Information Incorporated by Reference*" below).

Subject to the Issuer's obligations under the applicable laws and regulations of any relevant jurisdiction, (including, without limitation, the UK and the U.S.), in relation to disclosure and ongoing information, the Issuer undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## OVERVIEW

*This overview must be read as an introduction to this Offering Circular and any decision to invest in the Securities should be based on a consideration of the Offering Circular as a whole, including the documents incorporated by reference herein.*

*This overview refers to certain provisions of the Terms and Conditions of the Securities and is qualified by the more detailed information contained elsewhere in this Offering Circular. Words and expressions defined in the section entitled "Terms and Conditions of the Securities" have the same meanings in this overview.*

*Investing in the Securities involves significant risk. For a discussion of certain risks that should be considered in connection with an investment in the Securities, see the section entitled "Risk Factors" beginning on page 16 of this Offering Circular.*

**The Issuer** ..... Barclays PLC (the "**Issuer**")

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income type. The Group's operations include consumer banking and payments services in the UK, U.S. and Europe, as well as a top-tier global corporate and investment bank. The Group operates as two divisions – the Barclays UK ("**Barclays UK**") division and the Barclays International ("**Barclays International**") division – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, Barclays Bank UK PLC ("**BBUKPLC**") and certain other entities within the Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, Barclays Bank PLC ("**BBPLC**") and its subsidiaries, and by certain other entities within the Group.

The Issuer is the ultimate holding company of the Group.

**The Securities** ..... £1,250,000,000 aggregate principal amount of 8.875 per cent. Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities.

**Issue Date** ..... 28 June 2022.

**Perpetual Securities**.... The Securities are perpetual securities and have no fixed maturity or fixed redemption date.

**Issue Price** ..... 100 per cent.

**Interest Rate** ..... From (and including) the Issue Date to (but excluding) the First Reset Date, the interest rate on the Securities will be 8.875 per cent. per annum. From (and including) each Reset Date to (but excluding) the next following Reset Date, the applicable interest rate per annum will be equal to the sum of the applicable Reference Bond Rate (as defined herein) on the Reset Determination Date immediately preceding the relevant Reset Date and 6.955 per cent.

**Reset Dates** ..... 15 March 2028 (the "**First Reset Date**") and each fifth anniversary date thereafter.

**Reset Determination Date**..... The second Payment Business Day immediately preceding each Reset Date.

**Interest Payment Dates** ..... 15 March, 15 June, 15 September and 15 December of each year, commencing on 15 December 2022. A payment made on 15 December 2022, if any, would be in respect of the period from (and including) 28 June 2022 to (but excluding) 15 December 2022 (and thus a long first interest period).

**Interest Payments Discretionary** ..... Interest on the Securities is due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid) and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

See also the sub-sections entitled "*Effect of Interest Cancellation*" and "*Notice of Interest Cancellation*" below.

**Restriction on Interest Payments** ..... Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the Securities on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if:

- (a) the Issuer has an amount of Distributable Items on such Interest Payment Date that is less than the sum of: (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such Interest Payment Date on or in respect of any Parity Securities, the Securities and any Junior Securities; and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such Interest Payment Dates (x) on the Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or
- (b) the Solvency Condition (as defined under the sub-section entitled "*Status*" below) is not satisfied in respect of such interest payment.

The Issuer may, in its sole discretion, elect to make a partial interest payment on the Securities on any Interest Payment Date, only to the extent that such partial interest payment may be made without breaching the restrictions in paragraphs (a) and (b) above.

See also the sub-sections entitled "*Effect of Interest Cancellation*" and "*Notice of Interest Cancellation*" below.

**Effect of Interest Cancellation** ..... Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled or deemed cancelled in accordance with the provisions described under the sub-sections entitled "*Interest Payments Discretionary*" and "*Restriction on Interest Payments*" above. Any interest cancelled or deemed cancelled (in each case, in whole or in part) in the circumstances described above shall not be due and shall not accumulate or be payable at any time thereafter, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

**Notice of Interest  
Cancellation .....**

The Issuer shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the Holders in accordance with Condition 16 (*Notices*) and to the Trustee and the Principal Paying Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five business days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Holders any rights as a result of such failure.

**Status .....**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. In the event of the winding-up or administration of the Issuer, the rights and claims of the Holders in respect of or arising from the Securities (including any damages (if payable)) are subordinated to the claims of Senior Creditors.

If:

- (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or
- (b) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend,

then: (1) if such events specified in (a) or (b) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a Holder if, on the day prior to the commencement of such winding-up or administration and thereafter, such Holder were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in such winding-up or administration to, and so ranking *pari passu* with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in such winding-up or administration, and so ranking ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such Holder was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Security together with any damages (if payable); and (2) if such events specified in (a) or (b) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such winding-up or such administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (a) or (b) above.

Furthermore, other than in the event of a winding-up or administration of the Issuer referred to above, payments in respect of or arising from the Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no sum in respect of or arising from the Securities may fall due and be paid except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (such condition referred to herein as the "**Solvency Condition**"). For the purposes of determining whether the Solvency Condition is met, the Issuer shall be considered to be solvent at a particular point in time if: (i) it is able to pay its debts owed to Senior Creditors as they fall due; and (ii) the Balance Sheet Condition has been met.

Pursuant to the Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "**2018 Order**"), the Securities will constitute tertiary non-preferential debts of the Issuer and therefore both ordinary non-preferential debts and secondary non-preferential debts will rank in priority to the Securities. The terms 'ordinary non-preferential debt', 'secondary-non preferential debt' and 'tertiary non-preferential debt' shall have the meanings given to each of them in such 2018 Order and any other law or regulation applicable to the Issuer which is amended by such 2018 Order, as each may be amended or replaced from time to time.

In addition, see "*Risk Factors – Risks relating to the Securities – The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries (including those of BBPLC, BBUKPLC, Barclays Execution Services Limited or any other present or future subsidiary) upon the liquidation of such subsidiaries and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments, in such subsidiaries are subordinated*".

**No Set-off**..... Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under, or in connection with, the Securities and each Holder shall, by virtue of its holding of any Securities, be deemed to have waived all such rights of set-off, compensation or retention.

**Optional Redemption.** The Issuer may, at its option, redeem the Securities, in whole but not in part, on any day falling in the period commencing on (and including) 15 September 2027 and ending on (and including) the First Reset Date or on any subsequent Reset Date at 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as described under the sub-sections entitled "*Interest Payments Discretionary*" or "*Restriction on Interest Payments*" above) to (but excluding) the date fixed for redemption. Any optional redemption will be subject, among other things, to the provisions described under the sub-sections entitled "*Notice of Redemption*" and "*Condition to Redemption*" below.

**Regulatory Event Redemption**..... If there is a change in the regulatory classification of the Securities that occurs on or after the Issue Date and that does, or would be likely to, result in the whole or any part of the outstanding aggregate principal amount of the Securities at any time being excluded from, or ceasing to count towards, the Group's Tier 1 Capital (a "**Regulatory Event**"), the Issuer may, at its option, at any time redeem the Securities, in whole but not in part, at a redemption price equal to 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled under the sub-sections entitled "*Interest Payments Discretionary*" or "*Restriction on Interest Payments*" above) to (but excluding) the date fixed for redemption. Any redemption upon the occurrence of a Regulatory Event will be subject, among other things, to the provisions described under the sub-sections entitled "*Notice of Redemption*" and "*Condition to Redemption*" below.



**Tax Redemption .....** The Issuer may, at any time, at its option, redeem the Securities, in whole but not in part, at a redemption price equal to 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled under the sub-sections entitled "*Interest Payments Discretionary*" or "*Restriction on Interest Payments*" above) to (but excluding) the date fixed for redemption, if the Issuer determines that as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application of those laws or regulations on or after the issue date of the Securities, including a decision of any court or tribunal, which becomes effective on or after the issue date of the Securities (and, in the case of a Successor Entity, which becomes effective on or after the date of that entity's assumption of the Issuer's obligations):

- (a) the Issuer will or would be required to pay Holders Additional Amounts (as defined herein);
- (b) the Issuer would not be entitled to claim a deduction in respect of any payments in respect of the Securities in computing its taxation liabilities or the value of the deduction would be materially reduced;
- (c) the Issuer would not, as a result of the Securities being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date of the Securities or any similar system or systems having like effect as may from time to time exist);
- (d) the Issuer would, in the future, have to bring into account a taxable credit if the principal amount of the Securities was written down or the Securities were converted into Conversion Shares; or
- (e) the Issuer will have to treat the Securities or any part thereof as a derivative or an embedded derivative for United Kingdom tax purposes,

(each such change in tax law or regulation or the official application thereof, a "**Tax Event**"), **provided that** in the case of each Tax Event, the consequences of the Tax Event cannot be avoided by the Issuer taking reasonable measures available to it.

Any redemption as a result of a Tax Event will also be subject, among other things, to the provisions described under the sub-sections entitled "*Notice of Redemption*" and "*Condition to Redemption*" below.

**Notice of Redemption..** Any redemption of the Securities shall be subject to the Issuer providing not less than 15 days' nor more than 60 days' prior notice to the Holders and to the Trustee and the Principal Paying Agent (such notice being irrevocable except in the limited circumstances described in the following paragraph) specifying the Issuer's election to redeem the Securities and the date fixed for such redemption. The Issuer shall not be entitled to deliver a notice of redemption after an Automatic Conversion Notice has been delivered.

If the Issuer has elected to redeem the Securities but the Solvency Condition is not satisfied in respect of the relevant redemption payment on the applicable redemption date, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and no payment of the redemption amount will be due and payable. In addition, if the Issuer has elected to redeem the Securities but prior to the payment of the redemption amount with respect to such redemption a Capital Adequacy Trigger Event occurs, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and an Automatic Conversion shall occur as described under the sub-section entitled "*Automatic Conversion Upon Capital Adequacy Trigger Event*" below.

**Condition to Redemption.....** Notwithstanding any other provision, the Issuer may redeem the Securities (and give notice thereof to the Holders) only if the Issuer has obtained the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations) for the redemption of the Securities.

**Condition to Repurchase.....** The Issuer or any member of the Group may purchase or otherwise acquire any of the outstanding Securities at any price in the open market or otherwise in accordance with the Capital Regulations applicable to the Group in force at the relevant time, and subject to the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations) and to applicable law and regulation.

**Capital Adequacy Trigger Event.....** A "**Capital Adequacy Trigger Event**" shall occur if at any time the fully loaded CET1 Ratio (as defined herein) is less than 7.00 per cent. Whether a Capital Adequacy Trigger Event has occurred at any time shall be determined by the Issuer and such determination shall be binding on the Trustee and the Holders.

**Conversion Price .....** The Conversion Price of the Securities is fixed at £1.65 per Conversion Share, subject to certain anti-dilution adjustments (the "**Conversion Price**").

**Automatic Conversion Upon Capital Adequacy Trigger Event.....** If a Capital Adequacy Trigger Event occurs, then an Automatic Conversion will occur on the Conversion Date at which point all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the Conversion Date at the Conversion Price, and under no circumstances shall such released obligations be reinstated. The Automatic Conversion shall occur without delay upon the occurrence of a Capital Adequacy Trigger Event.

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient in accordance with the terms of the Securities and each Holder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Securities to the Conversion Shares Depository (or to such other relevant recipient).

The Issuer shall immediately inform the PRA of the occurrence of a Capital Adequacy Trigger Event and shall deliver an Automatic Conversion Notice to the Trustee, the Principal Paying Agent and to the Holders.

**Effect of Automatic Conversion .....**

Following an Automatic Conversion, no Holder will have any rights against the Issuer with respect to the repayment of the principal amount of the Securities or the payment of interest or any other amount on or in respect of such Securities, which liabilities of the Issuer shall be irrevocably and automatically released and, accordingly, the principal amount of the Securities shall equal zero at all times thereafter. Any interest in respect of an interest period ending on any Interest Payment Date falling between the date of a Capital Adequacy Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger Event and shall not be due and payable.

Following the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities, as applicable) on the Conversion Date, the Securities shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing: (a) the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or such other relevant recipient); and (b) the Issuer's CSO Obligations, if any. The Issuer currently expects that beneficial interests in the Securities will be transferable until the Suspension Date and that any trades in the Securities would clear and settle through the Clearing Systems until such date. However, there is no guarantee that an active trading market will exist for the Securities following the Automatic Conversion. The Securities will cease to be admitted to trading on the ISM after the Suspension Date.

**Provided that** the Issuer issues the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) in accordance with the terms of the Securities, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depository (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made as described under the subsection entitled "*Conversion Shares Offer*" below, of any Conversion Shares Offer Consideration to which such Holders are entitled in accordance with the terms of the Securities.

The Securities are not convertible into Conversion Shares at the option of the Holders at any time.

**Automatic Conversion Procedure .....**

If a Capital Adequacy Trigger Event has occurred, the Issuer shall deliver an Automatic Conversion Notice to the Trustee, the Principal Paying Agent and to the Holders as soon as practicable after such time.

Notwithstanding Condition 16 (*Notices*), the date on which the Automatic Conversion Notice shall be deemed to have been given shall be the date on which it is dispatched by the Issuer to the Trustee and the Holders.

**Conversion Shares .....**

The number of Conversion Shares to be issued to the Conversion Shares Depository on the Conversion Date shall be determined by the Issuer by dividing the aggregate principal amount of the Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

Upon Automatic Conversion on the Conversion Date, the number of Conversion Shares to be held by the Conversion Shares Depository for the benefit of each Holder shall be the number of Conversion Shares thus calculated multiplied by a fraction equal to the aggregate amount of the Authorised Denomination of the Securities held by such Holder divided by the aggregate amount of the Authorised Denomination of all Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date rounded down, if necessary, to the nearest whole number of Conversion Shares.

**Conversion Shares Offer** .....

No later than 10 business days following the Conversion Date, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depository make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Price, subject as provided in the sub-section entitled "*Terms and Conditions of the Securities – Automatic Conversion – Conversion Shares Offer*" (the "**Conversion Shares Offer**"). The Issuer may, on behalf of the Conversion Shares Depository, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer. The Issuer will deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders within 10 business days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than 40 business days after the delivery of the Conversion Shares Offer Notice.

The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three business days' notice to the Trustee directly and to Holders.

Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depository will provide notice to the Trustee and the Holders of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount.

The Conversion Shares Offer may be conducted at the election of the Issuer, in its sole and absolute discretion, on the terms described above. The Issuer currently expects that in determining whether or not a Conversion Shares Offer shall be conducted and, if one is to be conducted, how and to whom such Conversion Shares Offer shall be made, the directors of the Issuer would, in accordance with their duties, have regard to a variety of matters, including, without limitation, the interests of the Issuer's shareholders, taken as a whole, and the potential impact of a Conversion Shares Offer on the Issuer's financial stability. Further, neither the occurrence of a Capital Adequacy Trigger Event nor, following the occurrence of a Capital Adequacy Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of ordinary shares at or below the Conversion Price.

**Settlement Procedures** The Conversion Shares or the Conversion Shares Offer Consideration, as applicable, will be delivered to Holders pursuant to the procedures set forth in the sub-section entitled "*Terms and Conditions of the Securities – Automatic Conversion – Settlement Procedure*" and: (a) the Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, will be delivered to Holders on the applicable Settlement Date; (b) the cash component, if any, of any Conversion Shares Offer Consideration will be paid to the Holders by: (i) sterling cheque drawn on a bank in London and mailed to their address shown on the Register on or around the date on which the Conversion Shares Offer Period ends, or (ii) if the relevant Conversion Shares Settlement Notice is delivered to the Conversion Shares Depository before the end of the Conversion Shares Offer Period, by transfer, on or around the date on which the Conversion Shares Offer Period ends, to such sterling account maintained by the payee with a bank in London as the Holders may direct in such notice; and (c) the Securities shall be cancelled on the applicable Cancellation Date.

The Issuer expects that, on the Suspension Date, each of the Clearing Systems shall block all positions relating to the Securities held in such Clearing System, which will suspend all clearance and settlement of transactions in the Securities through such Clearing System. As a result, Holders will not be able to settle the transfer of any Securities through such Clearing System following the Suspension Date with respect to such Clearing System, and any sale or other transfer of the Securities that a Holder may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle after the Suspension Date will be rejected by such Clearing System and will not be matched or settled through such Clearing System.

**Defaults and Remedies** The remedies under the Securities are more limited than those typically available to the Issuer's unsubordinated creditors. The sole remedy against the Issuer available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Securities is, subject to certain conditions, for the Trustee to institute proceedings in England (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the Issuer's liquidation or administration.

**Form of the Securities** The Securities will be issued in registered form in denominations of £200,000 and integral multiples of £1,000 in excess thereof. The Securities will be represented by a global certificate deposited with a common depository for Clearstream, Luxembourg and/or Euroclear and registered in the name of such common depository or its nominee. The Issuer will not issue individual certificates except in limited circumstances set out under the section entitled "*Forms of the Securities*" below.

**ISIN** ..... XS2492482828.

**Common Code** ..... 249248282.

**Legal entity identifier (LEI)**..... 213800 LBQA 1Y9L22JB70.

**Listing and Trading ...** Application has been made for the Securities to be admitted to trading on the ISM on or about 28 June 2022. The ISM is not a regulated market for the purposes of UK MiFIR. The Securities will cease to be admitted to trading on the ISM on the date the ISM has been notified to cancel the Securities or after the Suspension Date, as applicable, in accordance with the terms of the Securities and, in each case, subject to receipt by the ISM of any notice by the Issuer required under the ISM's rules and operating procedures.

**Governing Law** ..... The Securities and the Trust Deed and all non-contractual obligations arising out of or in connection with them will be governed by English law.

**Agreement with respect to the exercise of the UK Bail-in Power** ..... Applicable. See Condition 18 (*Recognition of UK Bail-in Power*) for further detail.

## RISK FACTORS

*Investing in the Securities involves significant risks. Investors should reach their own investment decision only after consultation with their own financial and legal advisers about risks associated with an investment in the Securities and the suitability of investing in the Securities in light of the particular characteristics and terms of the Securities and of the investors' particular financial circumstances. As part of making an investment decision, an investor should make sure it thoroughly understands the terms of the Securities, such as the provisions governing an Automatic Conversion (including, in particular, the circumstances under which a Capital Adequacy Trigger Event may occur), that interest is due and payable only at the sole discretion of the Issuer, and that there is no scheduled repayment date for the principal of the Securities. An investor should also carefully consider the risk factors contained in this Offering Circular, the 2021 Annual Report (as defined below) and the other information included and incorporated by reference in this Offering Circular before deciding to invest in the Securities and it should evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect an investment in the Securities and an investor's ability to bear the loss of all or a portion of an investor's investment. If any of the risks set out herein (including the risks described in the documents incorporated by reference in this Offering Circular) materialises, the Issuer's business, financial condition and results of operations could suffer, the Securities could be subject to Automatic Conversion, and the trading price and liquidity of the Securities and/or the Issuer's ordinary shares could decline, in which case an investor could lose some or all of the value of its investment. Words and expressions defined in the section entitled "Terms and Conditions of the Securities" have the same meanings in this risk factor section.*

### **Risks relating to the Issuer and the Group**

For risks relating to the Issuer and the Group and their impact, see the section entitled "*Risk Review – Material existing and emerging risks*" on pages 204-215 of the 2021 Annual Report and the following additional risk factors:

#### ***"Internal control over financial reporting and disclosure controls and procedures***

The Group is subject to requirements under the Sarbanes-Oxley Act of 2002, as amended, to perform system and process evaluation and testing of its internal control over financial reporting to allow management to assess the effectiveness of its internal controls. In connection with the offer and sale of securities by BBPLC in excess of the amounts registered under its shelf registration statement on Form F-3 declared effective by the U.S. Securities and Exchange Commission ("SEC") in 2019 ("**2019 F-3**") and predecessor U.S. shelf registration statement (see "*Over-issuance of U.S. securities under BBPLC's U.S. shelf registration statements*" below), management has concluded that the Group had a material weakness in relation to certain aspects of its internal control environment and that, as a consequence, its internal control over financial reporting as at 31 December 2021 was not effective under the applicable Committee of Sponsoring Organizations Framework and its disclosure controls and procedures were not effective as at such date. The material weakness that has been identified relates to a weakness in controls over the identification of external regulatory limits related to securities issuance and monitoring against these limits. As a result of this weakness, BBPLC issued securities in excess of the amounts under the U.S. shelf registration statements referred to above. Remediation efforts have begun and the Group is taking steps to strengthen internal controls relating to securities issuance to address the material weakness. However, internal control systems (no matter how well designed) have inherent limitations and may not prevent or detect further misstatements or errors (whether of a similar or different character to the foregoing). If the Group fails to maintain an effective internal control environment or its disclosure controls and procedures are not effective, the Group could suffer material misstatements in its financial statements and fail to meet its reporting obligations, which could cause investors to lose confidence in the Group's reported financial information. This could in turn limit the Group's access to capital markets, negatively impact its results of operations, and lead to a negative impact on the trading price of its securities. Additionally, ineffective internal control over financial reporting could expose the Group to increased risk of fraud or misuse of corporate assets and subject it to potential regulatory investigations and civil or criminal sanctions. Any of the foregoing could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets.

#### ***Over-issuance of U.S. securities under BBPLC's U.S. shelf registration statements***

The Group may be subject to claims for rescission or damages and regulatory enforcement actions in connection with certain sales of securities issued by BBPLC materially in excess of the amounts set forth

in prior registration statements as set out under "*Internal control over financial reporting and disclosure controls and procedures*" above.

The securities that were issued in excess of these amounts comprise structured notes and exchange traded notes ("ETNs"). As such, certain offers and sales were not made in compliance with the Securities Act, giving rise to rights of rescission for certain purchasers of the securities. As a result, BBPLC has elected to make a rescission offer (the "**Rescission Offer**") to eligible purchasers of the relevant affected securities, which it intends to launch as soon as reasonably practicable. The Group is also engaged with, and responding to inquiries and requests for information from, various regulators, including the SEC.

The Group is conducting a review, assisted by external counsel, of the facts and circumstances relating to the sale of the relevant affected securities in excess of amounts registered under such U.S. shelf registration statements and, among other things, the control environment related to such sales. The Group is also conducting an internal review involving a five-year look-back at limits in other issuance programmes. Management has assessed as remote the risk of material financial impact associated with issuance limits other than where pre-registration of securities is required; therefore the focus of the review has been on programmes with external regulatory limits related to securities issuance. This review has not identified any other breach of an external regulatory limit in any other issuance programme used by a member of the Group. Management has identified an instance where a limit imposed solely for internal governance reasons was exceeded when taking into account a large security held on the Group's own balance sheet issued under a non-SEC registered debt issuance programme which did not have an external limit, although the breach of the internal limit did not give rise to any rights on the part of investors and did not constitute a material weakness. Nevertheless, there can be no assurance that the ongoing internal or external counsel reviews will not identify additional facts and information that could be material to an evaluation of this aspect of the Group's control environment. Under Section 12(a)(1) of the Securities Act, certain purchasers of unregistered securities have a right to recover, upon the tender of such security, the consideration paid for such security with interest, less the amount of any income received, or damages if the purchaser no longer owns the security (the "**Rescission Price**"). Pursuant to the Rescission Offer, BBPLC will offer to repurchase the relevant affected securities at the Rescission Price. Although the Rescission Offer is expected to reduce liability with respect to potential private civil claims, it will not necessarily prevent such claims from being asserted against BBPLC and/or its affiliates, including claims under applicable U.S. federal securities laws. Further, the Rescission Offer will not bar the SEC or other authorities from pursuing enforcement actions against BBPLC and its affiliates, which could result in fines, penalties and/or other sanctions. As at 31 March 2022, the Group had a provision of £540m relating to this matter, £320m of which was recognised as at 31 March 2022 and £220m of which was recognised as at 31 December 2021 in relation to the over-issuance of structured notes, which represents the best estimate of the rescission right investors have for these securities. A contingent liability exists in relation to the over-issuance of ETNs due to evidentiary challenges and the high level of trading in the securities. A contingent liability also exists in relation to any potential civil claims or enforcement actions taken against BBPLC but the Issuer is unable to assess the likelihood of liabilities that may arise out of such claims or actions, there is currently no indication of the timetable for resolution and it is not practicable to provide an estimate of the financial effects. The final cost of the Rescission Offer will be impacted by a number of factors, including prevailing market conditions. Prior to the completion of the Rescission Offer, the amount of the provision will fluctuate, perhaps materially, due, in part, to the volatility of the market prices for the structured notes subject to the Rescission Offer. While BBPLC and/or its affiliates have entered into hedging arrangements designed to minimise the volatility, such arrangements cannot by their very nature completely hedge the exposures, which may mean the final impact of the Rescission Offer may materially differ from the £540m provision reflected as at 31 March 2022. In addition, the hedging arrangements may be modified, may not prove effective (in existing or modified form), may expire prior to the end of the Rescission Offer and do not cover any other losses arising out of potential private civil claims or enforcement actions. Any of the foregoing could result in material additional losses for the Group. Any liabilities, claims or actions in connection with the over-issuance of securities under the 2019 F-3 and predecessor U.S. shelf registration statement could have a material adverse effect on BBPLC's and the Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets. Management has concluded that, by virtue of the fact that there was a weakness in controls over the identification of external regulatory limits related to securities issuance and monitoring against these limits, the Group had a material weakness in relation to certain aspects of its internal control environment and, as a consequence, its internal control over financial reporting and disclosure controls and procedures as at 31 December 2021 were not effective. Further details on such material weakness are set out under "*Internal control over financial reporting and disclosure controls and procedures*" above."



## **Risks Relating to the Securities**

***The Securities have no scheduled maturity and Holders do not have the right to cause the Securities to be redeemed or otherwise accelerate the repayment of the principal amount of the Securities except in very limited circumstances***

The Securities are perpetual securities and have no fixed maturity date or fixed redemption date. Accordingly, the Issuer is under no obligation to repay all or any part of the principal amount of the Securities, the Issuer has no obligation to redeem the Securities at any time and Holders have no right to call for their redemption or otherwise accelerate the repayment of the principal amount of the Securities (except in the very limited circumstances of automatic acceleration following a Winding-up Event as provided under the sub-section entitled "*Terms and Conditions of the Securities – Enforcement Events and Remedies*" below).

***Interest on the Securities will be due and payable only at the sole and absolute discretion of the Issuer, and the Issuer may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter and a Holder shall have no rights thereto***

Interest on the Securities will be due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the terms of the Securities. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

Because the Securities are intended to qualify as additional tier 1 capital under UK CRD (as defined in the Conditions), the Issuer may cancel (in whole or in part) any interest payment on the Securities at its discretion and may pay dividends on its ordinary or preference shares notwithstanding such cancellation. In addition, the Issuer may without restriction use funds that could have been applied to make such cancelled payments to meet its other obligations as they become due.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Furthermore, no such cancellation of interest in accordance with the terms of the Securities shall constitute a default in payment or otherwise under the terms of the Securities. The Issuer shall provide notice of any cancellation of interest (in whole or in part) to the Holders and to the Trustee and Principal Paying Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five business days prior to the relevant Interest Payment Date. However, failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

The Issuer's current dividend policy provides that in determining any proposed dividend and the appropriate pay-out ratio, the Issuer's Board of Directors (the "**Board**") will consider, among other things, the expectation of servicing more senior securities. The Securities are senior in rank to ordinary shares. It is the Board's current intention that, whenever exercising its discretion to declare ordinary share dividends, or its discretion to cancel interest on the Securities, the Board will take into account the relative ranking of these instruments in the Issuer's capital structure. However, subject to any applicable law, the Board may at any time depart from the above policy at its sole discretion.

***In addition to the Issuer's right to cancel (in whole or in part) interest payments at any time, the terms of the Securities also restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case such interest shall be deemed to have been cancelled. Interest that is deemed cancelled shall not be due and shall not accumulate or be payable at any time thereafter and Holders shall have no rights thereto***

Subject to the extent permitted in the following paragraph in respect of partial interest payments, the Issuer shall not make an interest payment on the Securities on any Interest Payment Date (and such interest

payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if:

- (a) the Issuer has an amount of Distributable Items on such Interest Payment Date that is less than the sum of: (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such Interest Payment Date on or in respect of any Parity Securities, the Securities and any Junior Securities; and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such Interest Payment Date (x) on the Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or
- (b) the Solvency Condition is not satisfied in respect of such interest payment.

Although the Issuer may, in its sole discretion, elect to make a partial interest payment on the Securities on any Interest Payment Date, it may only do so to the extent that such partial interest payment may be made without breaching the restrictions in paragraphs (a) and (b) above. In addition, the Issuer may elect to make a full or partial interest payment with respect to any Parity Security without making a full or partial interest payment on the Securities on any Interest Payment Date.

The Issuer shall be responsible for determining compliance with this restriction and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

Any interest deemed cancelled on any relevant Interest Payment Date shall not be due and shall not accumulate or be payable at any time thereafter, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such deemed cancellation. Furthermore, no such cancellation of interest in accordance with the terms of the Securities shall constitute a default in payment or otherwise under the terms of the Securities. The Issuer shall provide notice of any deemed cancellation of interest (in whole or in part) to the Holders and to the Trustee and Principal Paying Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five business days prior to the relevant Interest Payment Date. However, failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give Holders any rights as a result of such failure.

***The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Securities. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Securities***

The capital and regulatory framework to which the Group is subject imposes certain requirements for the Group to hold sufficient levels of capital, including CET1 capital, leverage and additional loss absorbing capacity (including the minimum requirement for own funds and eligible liabilities ("MREL") and total loss absorbing capacity ("TLAC")). A failure to comply with such requirements, as the same may be amended from time to time, may result in restrictions on the Issuer's ability to make discretionary distributions (including on the Securities) in certain circumstances.

In addition, amendments could be made to such framework, to impose general restrictions or prohibitions in relation to discretionary distributions (including in respect of additional tier 1 instruments, such as the Securities) in certain circumstances.

#### *Combined buffer requirement*

Pursuant to the Capital Regulations, the Group is subject to capital buffer requirements that are additional to the Pillar 1 "own funds" requirement and are required to be met with CET1 capital. These capital buffers, as currently applicable to the Issuer on a consolidated basis (in respect of the Group), which make up the "combined buffer", are: (i) the capital conservation buffer, (ii) the institution-specific counter-cyclical capital buffer ("CCyB") and (iii) the global systemically important institutions ("G-SIIs") buffer. Please see the section entitled "Risk review – Supervision and Regulation" on pages 289 to 294 of the 2021 Annual Report for further information. In addition, CCyBs as determined by other national authorities in relation to the Group's exposures in their jurisdictions started to apply from 2016 and have continued since.

However, in view of the COVID-19 pandemic, national authorities in a number of jurisdictions have taken action to reduce or suspend the CCyB. For example, in July 2021, the Financial Policy Committee of the Bank of England (the "FPC") decided to maintain the CCyB rate for the UK at 0 per cent. (set in March 2020) until at least December 2021. More recently, at its meeting in December 2021, the FPC agreed that it would raise the UK CCyB rate to 1 per cent. with effect from 13 December 2022.

The PRA capital buffer rules applicable to the Issuer require that firms that fail to meet the "combined buffer" are made subject to restricted discretionary payments (such as payments relating to common equity tier 1, variable remuneration and payments on additional tier 1 instruments) (the "MDA Restrictions"). These types of restrictions have applied in the UK since January 1, 2016. In the event of a breach of the "combined buffer", the MDA Restrictions will be scaled according to the extent of the breach of the "combined buffer" and calculated as a percentage of the profits of the firm earned in each of the past four calendar quarters, net of distributions. Such calculation will result in a "maximum distributable amount" in each relevant period. As an example, the scaling is such that in the bottom quartile of the "combined buffer", no "discretionary distributions" will be permitted to be paid. As a consequence, in the event of breach of the combined buffer (as applicable at Group level) the Issuer's discretionary payments will be restricted and the Issuer may exercise its discretion to cancel (in whole or in part) interest payments in respect of the Securities.

Separately, certain regulatory requirements may restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Securities. For example, a firm will be deemed not to have met its combined buffer, and may become subject to the MDA Restrictions, where it does not have own funds and eligible liabilities in an amount and quality to meet: (i) its combined buffer, (ii) its 4.5 per cent. Pillar 1 CET1 capital requirement and its Pillar 2A CET1 capital requirement, (iii) its 6 per cent. Pillar 1 Tier 1 requirement and its Pillar 2A Tier 1 requirement, (iv) its 8 per cent. Pillar 1 total capital requirement and its Pillar 2A total capital requirement, and (v) its Pillar 1 and Pillar 2A MREL-requirements, including, in the case of G-SIIs (such as the Group), its risk-based ratio and non-risk based ratio. See also the last paragraph under *"Interest on the Securities will be due and payable only at the sole and absolute discretion of the Issuer, and the Issuer may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter and a Holder shall have no rights thereto"* above.

Furthermore, national supervisors may require additional capital to be held by a firm to cover its idiosyncratic risks which the supervisor assesses are not fully captured by the Pillar 1 "own funds" requirement. This additional capital requirement, referred to as "Pillar 2A", derives from the Issuer's individual capital guidance, which is a point in time and confidential assessment that, in respect of UK firms, is made by the PRA, at least annually, and is expected to vary over time. The Group's current Pillar 2A requirement is equivalent to 4.4 per cent. of Risk Weighted Assets, of which at least 56.25 per cent. is required to be met with CET1 Capital and no more than 25 per cent. may be met with tier 2 capital. In addition, the capital that firms use to meet their minimum requirements (Pillar 1 "own funds" and "Pillar 2A") cannot be counted towards meeting the "combined buffer", meaning that the "combined buffer" (which is described above) will effectively be applied above both the Pillar 1 "own funds" and "Pillar 2A" requirements.

The Group's capital, leverage and/or MREL resources and requirements are, by their nature, calculated by reference to a number of factors, any one of which or combination of which may not be easily observable or capable of calculation by investors. See *"The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio"*, *"Future regulatory changes to the calculation of CET1 Capital and/or Risk Weighted Assets may negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Securities"* below and the section entitled *"Risk Review – Material existing and emerging risks – Material existing and emerging risks potentially impacting more than one principal risk – Risks relating to the impact of COVID-19"* on pages 204-205 of the 2021 Annual Report for examples of the type of factors that can affect the Group's capital, leverage and/or MREL resources and requirements and how they are determined. Therefore, Holders may not be able to predict accurately the proximity of the risk of discretionary payments on the Securities being prohibited from time to time as a result of the operation of the MDA Restrictions and/or the exercise by the PRA of its broad powers to impose prudential requirements on the Issuer. Accordingly, the trading behaviour of the Securities is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a breach of the combined buffer or an exercise by the PRA of its broad powers to impose prudential

requirements may occur can be expected to have a material adverse effect on the trading price of the Securities.

*PRA power to limit or cancel interest*

There are additional tools that the PRA and other relevant authorities in the UK have, or are expected to have, available to them to require UK firms to hold additional capital to address micro-prudential or macro-prudential risks as assessed by the relevant authorities in the UK. These include, the "PRA buffer" (replacing the capital planning buffer), which may be assessed by the PRA to cover risks over a forward-looking planning horizon, including with regard to firm-specific stresses or management and governance weaknesses. If the PRA buffer is imposed on a specific firm, it must be met separately to the "combined buffer", and must be met fully with CET1 capital. Failure by the Issuer to meet its PRA buffer (so long as one is imposed), could result in the PRA requiring the Issuer to prepare a capital restoration plan. Such capital restoration plan may impose restrictions on discretionary payments, which may result in the cancellation (in whole or in part) of interest payments in respect of the Securities. In addition, "sectoral capital requirements" could be imposed as a macroprudential tool to increase firms' capital requirements as a result of exposure to specific sectors (for example, via the revised systemic risk buffer).

Holders should not assume that the reduction in the UK CCyB rate mentioned under "*Combined buffer requirement*" above reduces the risk of discretionary payments on the Securities being prohibited from time to time. In addition, see the first paragraph in this section for certain risks to Holders of a failure by the Issuer to meet its PRA buffer (if one is imposed).

More generally, the PRA has a broad power under sections 55M and 192C of the FSMA, to impose requirements on the Issuer to strengthen its capital position, the effect of which could be to restrict or prohibit payments of interest on the Securities. If the PRA imposes such a requirement, the Issuer will exercise its discretion to cancel (in whole or in part, as required by the PRA) interest payments in respect of the Securities.

Any further changes to the rules to include more onerous requirements, and/or any decrease in the Group's capital, leverage and/or MREL resources, and/or increase in such requirements applicable to the Group, may increase the risk of (i) the Issuer breaching its combined buffer and being bound by MDA Restrictions and/or (ii) the PRA imposing requirements on the Issuer under sections 55M and 192C of the FSMA, each of which may, in turn, increase the risk of the Issuer exercising its discretion to cancel interest payments in respect of the Securities. Moreover, a decline or perceived decline in the Group's capital, leverage and/or MREL resources towards a level at which a breach of the combined buffer requirement or an exercise of the PRA's powers under section 55M and 192C of the FSMA may occur, may significantly affect the trading price of the Securities.

***As a holding company, the level of the Issuer's Distributable Items and its available funding may be affected by a number of factors. Insufficient Distributable Items or funding may restrict the Issuer's ability to make interest payments on the Securities***

As a holding company, the level of the Issuer's Distributable Items is affected by a number of factors, principally its ability to receive funds, directly or indirectly, from its operating subsidiaries in a manner which creates Distributable Items for the Issuer. The Issuer is also reliant on the receipt of distributions from its subsidiaries for funding the Issuer's payment obligations. Consequently, the level of the Issuer's Distributable Items and available funding, and therefore its ability to make interest payments on the Securities, are a function of its existing Distributable Items, future Group profitability, the ability of the Issuer's operating subsidiaries to distribute or dividend profits up the Group structure to the Issuer and other factors such as the amount and availability of such profits and how they are calculated in accordance with accounting rules including the valuation of investment in subsidiaries. In addition, the Issuer's Distributable Items available for making payments to Holders may also be adversely affected by the servicing of other instruments issued by the Issuer or by Group subsidiaries.

The level of the Issuer's Distributable Items may be further affected by changes to regulation or the requirements and expectations of applicable regulatory authorities. For example, the UK implemented EU ring-fencing requirements which became effective as of January 2019, while in the United States, an intermediate holding company ("U.S. IHC") was created to comply with section 165 of the Dodd-Frank Act (each as discussed on pages 289-292 of the 2021 Annual Report). Any such changes or similar local

capital or ring-fencing requirements in other jurisdictions, could adversely affect the Issuer's Distributable Items in the future.

In addition, the ability of the Group's subsidiaries to make distributions and the Issuer's ability to receive distributions and other payments from its investments in other entities is subject to applicable local laws and other restrictions, including such subsidiaries' respective regulatory, capital and leverage requirements, statutory reserves, financial and operating performance and applicable tax laws. For example, BBPLC is an institution regulated by the PRA and subject to the UK CRD regime, including capital and combined buffer requirements such as those described for the Group (see "*The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Securities. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Securities*" and the section entitled "*Risk Review – Material existing and emerging risks – Material existing and emerging risks potentially impacting more than one principal risk – Risks relating to the impact of COVID-19*" on pages 204-205 of the 2021 Annual Report. In addition, BBUKPLC and the U.S. IHC each have individual capital and buffer requirements and similar requirements may apply to other subsidiaries over time. The continuing progress in the implementation of international principles and EU and domestic rules and regulations (including such rules and regulations in the UK or in other jurisdictions in which the Group operates) around additional loss absorbing capacity (such as TLAC and MREL) are expected to increase current requirements. Such rules and regulations could limit the payment of dividends, distributions and other payments to the Issuer by its subsidiaries, which could restrict the Issuer's available funding for meeting its obligations or funding other operations and may also restrict the Issuer's ability to maintain or increase its Distributable Items. These factors could, in turn, restrict the Issuer's ability to make interest payments on the Securities.

Further, the Issuer's Distributable Items and its available funding, and therefore its ability to make interest payments, may be adversely affected by the performance of the Group's business in general, factors affecting its financial position (including capital and leverage), the economic environment in which the Group operates and other factors outside of the Issuer's control. In addition, adjustments to earnings, as determined by the Board, may fluctuate significantly and may materially adversely affect Distributable Items. The Issuer shall not make an interest payment on the Securities on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if the level of Distributable Items is insufficient to fund that payment, as discussed in "*In addition to the Issuer's right to cancel (in whole or in part) interest payments at any time, the terms of the Securities also restrict the Issuer from making interest payments on the Securities in certain circumstances, in which case such interest shall be deemed to have been cancelled. Interest that is deemed cancelled shall not be due and shall not accumulate or be payable at any time thereafter and Holders shall have no rights thereto*" above. In addition, if the Issuer's ability to receive distributions from its subsidiaries is restricted and alternative sources of funding are not available, the Issuer may exercise its discretion to cancel interest payments in respect of the Securities (see "*Interest on the Securities will be due and payable only at the sole and absolute discretion of the Issuer, and the Issuer may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter and a Holder shall have no rights thereto*" above).

***The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries (including those of BBPLC, BBUKPLC, Barclays Execution Services Limited or any other present or future subsidiary) upon the liquidation of such subsidiaries and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments, in such subsidiaries are subordinated***

The Issuer is a holding company that currently has no significant assets other than its loans to, and investments in, Group subsidiaries such as BBPLC, BBUKPLC, Barclays Execution Services Limited and any other present or future subsidiary, which means that if any such subsidiary is liquidated, the Issuer's right to participate in the assets of such subsidiary will depend upon the ranking of the Issuer's claims against such subsidiary according to the ordinary hierarchy of claims in insolvency. So, for example, insofar as the Issuer is a holder of ordinary shares in a Group subsidiary, the Issuer's recovery in the liquidation of such subsidiary will be subject to the prior claims of such subsidiary's third party creditors and preference shareholders (if any). To the extent the Issuer holds other claims against any Group subsidiary that are recognised to rank *pari passu* with any third party creditors' or preference shareholders' claims, such claims of the Issuer should in liquidation be treated *pari passu* with those third party claims.

As well as the risk of losses in the event of a Group subsidiary's insolvency, the Issuer may suffer losses if any of its loans to, or investments in, such subsidiary are subject to write-down and conversion by statutory power or regulatory direction or if the subsidiary is otherwise subject to resolution proceedings. In particular, the Banking Act 2009, as amended (the "**Banking Act**") specifies that the resolution powers should be applied in a manner such that losses are transferred to shareholders and creditors in an order which reflects the hierarchy of issued instruments under the relevant Capital Regulations (as defined in the Conditions) and which otherwise respects the hierarchy of claims in an ordinary insolvency. In general terms, the more junior the investments in, and loans made to, any Group subsidiary are, relative to third party investors, the greater the losses likely to be suffered by the Issuer in the event that any Group subsidiary enters into resolution proceedings or is subject to write-down or conversion of its capital instruments or other liabilities. See "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities*" below. The Issuer has in the past made, and may continue to make, loans to, and investments in, BBPLC, BBUKPLC and other Group subsidiaries, with the proceeds received from the Issuer's issuance of debt instruments. Such loans to, and investments made by, the Issuer in such subsidiary will generally be subordinated to depositors and other unsubordinated creditors and may be subordinated further to meet regulatory requirements and furthermore may contain mechanisms that, upon the occurrence of a trigger related to the prudential or financial condition of the Group or such subsidiary or upon regulatory direction would result in a write-down or conversion into equity of such loans and investments.

The Issuer retains its absolute discretion to restructure such loans to, and any other investments in, any of its Group subsidiaries, including BBPLC and BBUKPLC, at any time and for any purpose including, without limitation, in order to provide different amounts or types of capital or funding to such subsidiary. A restructuring of a loan or investment made by the Issuer in a Group subsidiary could include changes to any or all features of such loan or investment, including its legal or regulatory form, how it would rank in the event of resolution and/or insolvency proceedings in relation to the Group subsidiary, and the inclusion of a mechanism that provides for a write-down and/or conversion into equity upon specified triggers or regulatory direction. Any restructuring of the Issuer's loans to, and investments in, any of the Group subsidiaries may be implemented by the Issuer without prior notification to, or consent of, the Holders of the Securities.

Furthermore, as a result of the structural subordination of the Securities described above, if any Group subsidiary were to be wound up, liquidated or dissolved, (i) the Holders would have no right to proceed against the assets of such subsidiary, and (ii) the liquidator of such subsidiary would first apply the assets of such subsidiary to settle the claims of the creditors (and holders of preference shares or other tier 1 capital instruments ranking ahead of any such entity's ordinary shares) of such subsidiary (such creditors and holders of preference shares may include the Issuer) ranking ahead of the holders of ordinary shares of such subsidiary. Similarly, if any of the Group subsidiaries were subject to resolution proceedings (i) the Holders would have no direct recourse against such subsidiary, and (ii) the Holders themselves may also be exposed to losses pursuant to the exercise by the Resolution Authority of the resolution powers conferred by the SRR (as defined below) or the mandatory write-down and conversion power – see "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities*" below. For a description of the relevant underlying regulatory background, see the section entitled "*Risk review – Supervision and Regulation*" on pages 289 to 294 of the 2021 Annual Report.

***The Securities may be traded with accrued interest, but under certain circumstances described above, such interest may be cancelled and not paid on the relevant Interest Payment Date***

The Securities may trade, and/or the prices for the Securities may appear, on the ISM and in other trading systems with accrued interest. If this occurs, purchasers of Securities in the secondary market will pay a price that includes such accrued interest upon purchase of the Securities. However, if a payment of interest on any Interest Payment Date is cancelled or deemed cancelled (in each case, in whole or in part) as described herein and thus is not due and payable, purchasers of such Securities will not be entitled to that interest payment (or if the Issuer elects to make a payment of a portion, but not all, of such interest payment, the portion of such interest payment not paid) on the relevant Interest Payment Date.

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

The interest rate on the Securities will initially be 8.875 per cent. per annum. However, the interest rate will be reset on each Reset Date such that from (and including) each Reset Date, the applicable interest rate per annum will be equal to the sum of the applicable Reference Bond Rate on the Reset Determination Date immediately preceding the relevant Reset Date and 6.955 per cent. The interest rate following any subsequent Reset Date may be less than the initial interest rate and/or the interest rate that applies immediately prior to such Reset Date, which would result in the amount of any interest under the Securities being lower than the interest prior to such Reset Date and so could affect the amount of any interest payments under the Securities and so the market value of the Securities.

***The Securities may be subject to an Automatic Conversion and upon the occurrence of such an event, Holders could lose all or part of the value of their investment in the Securities***

A Capital Adequacy Trigger Event will occur if at any time the Group's fully loaded CET1 Ratio has fallen below 7.00 per cent. Whether a Capital Adequacy Trigger Event has occurred at any time shall be determined by the Issuer and such determination shall be binding on the Trustee and the Holders. Upon the occurrence of a Capital Adequacy Trigger Event, an Automatic Conversion will occur on the Conversion Date, at which point all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository to be held on behalf of the Holders (or to the relevant recipient in accordance with terms of the Securities), and under no circumstances shall such released obligations be reinstated. As a result, Holders could lose all or part of the value of their investment in the Securities, as, following an Automatic Conversion, Holders will receive only: (i) the Conversion Shares (if the Issuer does not elect that a Conversion Shares Offer be made); or (ii) the Conversion Shares Offer Consideration, which shall comprise Conversion Shares and/or cash depending on the results of the Conversion Shares Offer (if the Issuer elects that a Conversion Shares Offer be made). In addition, the realisable value of any Conversion Shares received could be substantially lower than that implied by the price paid for the Securities at the time of their purchase and upon an Automatic Conversion, Holders will no longer have a debt claim in relation to the Securities. See the sub-section entitled "*Terms and Conditions of the Securities—Automatic Conversion*" for more information. See also "*Holders may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period*", "*As the Conversion Price is fixed at the time of issue of the Securities, Holders will bear the risk of fluctuations in the market price of the Conversion Shares*" and "*The Issuer's obligations under the Securities will be unsecured and subordinated, and the rights of the holders of Conversion Shares will be further subordinated*" below.

Furthermore, upon the occurrence of an Automatic Conversion, the Holders will not be entitled to any compensation in the event of any improvement in the Group's fully loaded CET1 Ratio after the Conversion Date.

For more information, see "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio*", "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities*" and "*Future regulatory changes to the calculation of CET1 Capital and/or Risk Weighted Assets may negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Securities*" below.

***As the Conversion Price is fixed at the time of issue of the Securities, Holders will bear the risk of fluctuations in the market price of the Conversion Shares***

Because a Capital Adequacy Trigger Event will only occur at a time when the Group's fully loaded CET1 Ratio has deteriorated significantly, a Capital Adequacy Trigger Event may be accompanied by a deterioration in the market price of the Issuer's ordinary shares, which may be expected to continue after the occurrence of the Capital Adequacy Trigger Event. Therefore, following a Capital Adequacy Trigger Event, the realisable value of the Conversion Shares may be below the Conversion Price. The Conversion Price is fixed at the time of issue of the Securities at £1.65 per Conversion Share, and is subject to certain

anti-dilution adjustments, as described under "*Holdings do not have anti-dilution protection in all circumstances*" below. As a result, the Conversion Price may not reflect the market price of ordinary shares of the Issuer, which could be significantly lower than the Conversion Price.

In addition, there may be a delay in a Holder receiving its Conversion Shares following a Capital Adequacy Trigger Event (in particular if the Issuer elects that a Conversion Shares Offer be conducted, as the Conversion Shares Offer Period may last up to 40 business days after the delivery of the Conversion Shares Offer Notice), during which time the market price of the ordinary shares of the Issuer may further decline.

***Issuance of the Conversion Shares to the Conversion Shares Depository shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Securities (other than the CSO Obligations, if any)***

Upon an Automatic Conversion, the Issuer shall issue the Conversion Shares to the Conversion Shares Depository, which will hold the Conversion Shares on behalf of the Holders. Issuance of the Conversion Shares to the Conversion Shares Depository shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Securities (other than the CSO Obligations, if any). Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depository in accordance with the terms of the Securities, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depository for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made, of any Conversion Shares Offer Consideration to which such Holders are entitled.

In addition, the Issuer has not as at the Issue Date appointed a Conversion Shares Depository and the Issuer may not be able to appoint a Conversion Shares Depository if an Automatic Conversion occurs. In such a scenario, the Issuer would give notice to the Holders and the Trustee or otherwise, as practicable, of any alternative arrangements in connection with the issuance and/or delivery of the Conversion Shares and such arrangements may be disadvantageous to, and more restrictive on, the Holders. For example, such arrangements may involve Holders having to wait longer to receive their Conversion Shares than would be the case under the arrangements expected to be entered into with a Conversion Shares Depository. Under these circumstances, the Issuer's issuance of the Conversion Shares to the relevant recipient in accordance with these alternative arrangements shall constitute a complete, irrevocable and automatic release of all of the Issuer's obligations in respect of the Securities (other than the CSO Obligations, if any).

***Holdings may receive Conversion Shares Offer Consideration instead of Conversion Shares upon a Capital Adequacy Trigger Event and would not know the composition of any Conversion Shares Offer Consideration until the end of the Conversion Shares Offer Period***

Holdings may not ultimately receive Conversion Shares upon a Capital Adequacy Trigger Event because the Issuer may elect, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository.

The Conversion Shares Offer may be conducted at the election of the Issuer, in its sole and absolute discretion, on the terms set out in the Conditions. The Issuer currently expects that in determining whether or not a Conversion Shares Offer shall be conducted and, if one is to be conducted, how and to whom such Conversion Shares Offer shall be made, the directors of the Issuer would, in accordance with their duties, have regard to a variety of matters, including, without limitation, the interests of the Issuer's shareholders, taken as a whole, and the potential impact of a Conversion Shares Offer on the Issuer's financial stability.

If the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository and all of the Conversion Shares are sold in the Conversion Shares Offer, Holdings shall be entitled to receive, in respect of each Security, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security. If some but not all of the Conversion Shares are sold in the Conversion Shares Offer, Holdings shall be entitled to receive, in respect of each Security: (a) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security together with (b) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Conversion Shares. In each case, the cash component of any Conversion Shares Offer Consideration shall be subject to deduction of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a



consequence of the transfer of Conversion Shares to the Conversion Shares Depository as a consequence of the Conversion Shares Offer.

No interest or other compensation is payable in respect of the period elapsed from the Conversion Date to the date of delivery of cash sums or Conversion Shares in the circumstances described above.

Furthermore, the Issuer or the Conversion Shares Depository will provide notice of the results of any Conversion Shares Offer only at the end of the Conversion Shares Offer Period. Accordingly, Holders would not know the composition of the Conversion Shares Offer Consideration to which they may be entitled until the end of the Conversion Shares Offer Period.

***Following an Automatic Conversion, the Securities will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and the Issuer's CSO Obligations, if any, and the rights of the Holders will be limited accordingly***

Following an Automatic Conversion, the Securities will remain in existence until the applicable Cancellation Date for the sole purpose of evidencing: (a) the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository; and (b) the Issuer's CSO Obligations, if any. All obligations of the Issuer under the Securities (except for the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the Conversion Date, and under no circumstances shall such released obligations be reinstated. The Securities shall be cancelled on the applicable Cancellation Date.

Although the Issuer currently expects that beneficial interests in the Securities will be transferable between the Conversion Date and the Suspension Date, there is no guarantee that an active trading market will exist for the Securities following the Automatic Conversion. Accordingly, the price received for the sale of any beneficial interest under a Security during this period may not reflect the market price of such Security or the Conversion Shares. Furthermore, transfers of beneficial interests in the Securities may be restricted following the Conversion Date, for example if the clearance and settlement of transactions in the Securities is suspended by a Clearing System at an earlier time than currently expected. In such a situation it may not be possible to transfer beneficial interests in the Securities in such Clearing System and trading in the Securities may cease through such Clearing System.

In addition, the Issuer has been advised by each of the Clearing Systems that they will suspend all clearance and settlement of transactions in the Securities on the Suspension Date. As a result, Holders will not be able to settle the transfer of any Securities through such Clearing System following the Suspension Date, and any sale or other transfer of the Securities that a Holder may have initiated prior to the Suspension Date with respect to such Clearing System that is scheduled to match or settle after the Suspension Date will be rejected by such Clearing System and will not be matched or settled through such Clearing System.

The Securities will cease to be admitted to trading on the ISM after the Suspension Date, subject to receipt by the ISM of any notice by the Issuer required under the ISM's rules and operating procedures.

Moreover, although the Holders will become beneficial owners of the Conversion Shares upon the issuance of such Conversion Shares to the Conversion Shares Depository and the Conversion Shares will be registered in the name of the Conversion Shares Depository (or the relevant recipient in accordance with the terms of the Securities), no Holder will be able to sell or otherwise transfer any Conversion Shares until such time as they are finally delivered to such Holder and registered in their name.

***Holders will have to submit a Conversion Shares Settlement Notice in order to receive delivery of the Conversion Shares or the Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable***

In order to obtain delivery of the relevant Conversion Shares or the Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a Holder must deliver a Conversion Shares Settlement Notice (and the relevant Securities, if applicable) to the Conversion Shares Depository. The Conversion Shares Settlement Notice must contain certain information, including the Holder's CREST account details. Accordingly, Holders of Securities (or their nominee, custodian or other representative) will have to have an account with CREST in order to receive the Conversion Shares or Conversion Share

component, if any, of any Conversion Shares Offer Consideration, as applicable. If a Holder fails to properly complete and deliver a Conversion Shares Settlement Notice on or before the Notice Cut-off Date, the Conversion Shares Depository shall continue to hold the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration until a Conversion Shares Settlement Notice (and the relevant Securities, if applicable) is or are so delivered. However, the relevant Securities shall be cancelled on the Final Cancellation Date and any Holder of Securities delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration as applicable). The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration, as applicable) or from any delay in the receipt thereof, in each case as a result of such Holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Securities, if applicable, on a timely basis or at all.

***Holders do not have anti-dilution protection in all circumstances***

The number of Conversion Shares to be issued to the Conversion Shares Depository upon an Automatic Conversion will be the aggregate principal amount of the Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date divided by the Conversion Price (rounded down to the nearest whole number of Conversion Shares). The Conversion Price will be adjusted if there is a consolidation, reclassification or subdivision of the Issuer's ordinary shares, an issuance of ordinary shares in certain circumstances by way of capitalisation of profits or reserves, a rights issue, an Extraordinary Dividend or a Qualifying Takeover Event (but only in the situations and only to the extent provided in the sub-section entitled "*Terms and Conditions of the Securities – Adjustments to the Conversion Price*"). There is no requirement that there should be an adjustment for every corporate or other event that may affect the market price of the Conversion Shares. In particular, there will be no adjustment to the Conversion Price if a Takeover Event occurs that is not a Qualifying Takeover Event (because the Acquirer is not an Approved Entity or the New Conversion Condition is not satisfied). Furthermore, the adjustment events that are included are less extensive than those often included in the terms of convertible securities. Accordingly, the occurrence of events in respect of which no adjustment to the Conversion Price is made may adversely affect the value of the Securities.

***If a Takeover Event occurs, the Securities may be convertible into shares of an entity other than the Issuer or into unlisted shares***

If a Takeover Event is a Qualifying Takeover Event, then following an Automatic Conversion the Securities shall become convertible or exchangeable into the Approved Entity Shares of the Acquirer at the New Conversion Price as provided under the sub-section entitled "*Terms and Conditions of the Securities – Adjustments to the Conversion Price – Qualifying Takeover Event*" below. There can be no assurance as to the nature of any such Acquirer, or of the risks associated with becoming an actual or potential shareholder in such Acquirer and, accordingly, a Qualifying Takeover Event may have an adverse effect on the value of the Securities.

If the Issuer's ordinary shares become delisted following a Takeover Event which is not a Qualifying Takeover Event or otherwise, there shall be no automatic adjustment to the terms of the Securities and the Securities will remain convertible into unlisted ordinary shares upon an Automatic Conversion. Unlisted shares may be more illiquid than listed shares and may have little or no resale value. In addition, if a Takeover Event is not a Qualifying Takeover Event because the Acquirer is a Governmental Entity, there can be no assurance as to whether the Securities would be convertible into, or exchangeable for, any securities or other instruments of the Acquirer or any other person or entity. Accordingly, a Takeover Event that is not a Qualifying Takeover Event is likely to have an adverse effect on Holders or the value of the Securities.

In addition, the Issuer has considerable discretion in determining whether a Qualifying Takeover Event has occurred. A Qualifying Takeover Event requires the New Conversion Condition to be satisfied. For the New Conversion Condition to be satisfied, among other requirements, the Issuer must determine, in its sole and absolute discretion, that the arrangements to deliver Approved Entity Shares following an Automatic Conversion are in place and that such arrangements would be in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited

to, the Holders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body). Therefore, the Issuer may consider factors other than the interests of Holders in determining whether the New Conversion Condition is satisfied.

Further, a Takeover Event shall occur only where the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in an Acquirer (together with any associate). There can be no assurance that the acquisition by an Acquirer of the right to cast 50 per cent. or less of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer will not have an adverse effect on the value of the Securities.

***Holders may be subject to disclosure obligations, take-over requirements and/or may need approval from the Issuer's regulator under certain circumstances***

As the Holders may receive Conversion Shares if a Capital Adequacy Trigger Event occurs, an investment in the Securities may result in Holders having to comply with certain disclosure, take-over and/or regulatory approval requirements pursuant to applicable laws and regulations following an Automatic Conversion. For example, pursuant to Chapter 5 of the Disclosure Rules and Transparency Rules Sourcebook of the FCA Handbook, the Issuer (and the FCA) must be notified by a person when the percentage of voting rights in the Issuer controlled by that person (together with its concert parties), by virtue of direct or indirect holdings of shares aggregated with direct or indirect holdings of certain financial instruments, reaches, exceeds or falls below 3 per cent. and every percentage point thereafter.

Furthermore, as Conversion Shares represent voting securities of a parent undertaking of a number of regulated group entities, under the laws of the UK and other jurisdictions, ownership of the Securities themselves (or the Conversion Shares) above certain levels may require the holder of the voting securities to obtain regulatory approval or subject the holder to additional regulation.

Non-compliance with such disclosure and/or approval requirements may lead to the incurrance of substantial fines or other criminal and/or civil penalties and/or suspension of voting rights associated with the Conversion Shares. Accordingly, each potential investor should consult its legal advisers as to the terms of the Securities, in respect of its existing shareholding and the level of holding it would have if it receives Conversion Shares following a Capital Adequacy Trigger Event.

***Holders will bear the risk of changes in the Group's fully loaded CET1 Ratio***

The market price of the Securities is expected to be affected by changes in the Group's fully loaded CET1 Ratio. Changes in the Group's fully loaded CET1 Ratio may be caused by changes in the amount of CET1 Capital and/or Risk Weighted Assets, as well as changes to their respective definition and/or interpretation by the Issuer under the Capital Regulations. Each of the Group's CET1 Capital and/or Risk Weighted Assets shall be determined by the Issuer on a fully loaded and consolidated basis and such determination shall be binding on the Trustee and the Holders. See "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio*" and "*Future regulatory changes to the calculation of CET1 Capital and/or Risk Weighted Assets may negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Securities*" below.

The Issuer currently only publicly reports the Group's fully loaded CET1 Ratio quarterly as of the period end, and therefore during the quarterly period there is no published updating of the Group's fully loaded CET1 Ratio and there may be no prior warning of adverse changes in the Group's fully loaded CET1 Ratio. However, any indication that the Group's fully loaded CET1 Ratio is moving towards the level of a Capital Adequacy Trigger Event may have an adverse effect on the market price of the Securities. A decline or perceived decline in the Group's fully loaded CET1 Ratio may significantly affect the trading price of the Securities.

***The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio***

The occurrence of a Capital Adequacy Trigger Event is inherently unpredictable and depends on a number of factors, including those discussed in greater detail in the following paragraphs, any of which may be outside the Issuer's control. Although the Issuer currently publicly reports the Group's fully loaded CET1

Ratio only as of each quarterly period end, a Capital Adequacy Trigger Event will occur if at any time the Group's fully loaded CET1 Ratio is less than 7.00 per cent. Whether a Capital Adequacy Trigger Event has occurred at any time shall be determined by the Issuer and such determination shall be binding on the Trustee and the Holders.

The Group's fully loaded CET1 Ratio may fluctuate during a quarterly period. The calculation of such ratio could be affected by one or more factors, including, among other things, changes in the mix of the Group's business, major events affecting the Issuer's earnings, dividend payments by the Issuer, regulatory changes (including changes to definitions, interpretation and calculations of regulatory capital ratios and their components, including CET1 Capital and Risk Weighted Assets), revisions to models used by the Issuer to calculate its capital requirements (or revocation of, or amendments to, the regulatory permissions for using such models), and the Group's ability to manage Risk Weighted Assets in both its ongoing businesses and those which it may seek to exit. In addition, the Group has capital resources and Risk Weighted Assets denominated in foreign currencies, and changes in foreign exchange rates will result in changes in the sterling equivalent value of foreign currency denominated capital resources and Risk Weighted Assets. As a result, the Group's fully loaded CET1 Ratio is exposed to foreign currency movements.

The calculation of the Group's fully loaded CET1 Ratio may also be affected by changes in applicable accounting rules, or by changes to regulatory adjustments which modify the regulatory capital impact of accounting rules. Moreover, even if changes in applicable accounting rules, or changes to regulatory adjustments which modify accounting rules, are not yet in force as of the relevant calculation date, the PRA could require the Issuer to reflect such changes in any particular calculation of the Group's fully loaded CET1 Ratio.

Accordingly, accounting changes or regulatory changes may have a material adverse impact on the Group's calculations of regulatory capital resources and requirements, including CET1 Capital and Risk Weighted Assets, and the Group's fully loaded CET1 Ratio.

Because of the inherent uncertainty regarding whether a Capital Adequacy Trigger Event will occur, it will be difficult to predict when, if at all, an Automatic Conversion may occur. Accordingly, the trading behaviour of the Securities is not necessarily expected to follow the trading behaviour of other types of securities. Any indication that a Capital Adequacy Trigger Event (and subsequent Automatic Conversion) may occur can be expected to have a material adverse effect on the market price of the Securities.

In addition, any of the factors that affect the Group's overall capital position, including those mentioned above, may in turn affect the Group's capital, leverage and/or MREL resources, see "*The Capital Regulations impose capital requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Securities. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Securities*" above and "*Risk Review – Material existing and emerging risks – Material existing and emerging risks potentially impacting more than one principal risk – Risks relating to the impact of COVID-19*" on pages 204-205 of the 2021 Annual Report for a description of certain risks to the Holders of a decrease in the Group's capital, leverage and/or MREL resources.

***The Group's fully loaded CET1 Ratio, and more generally, its overall capital position, will be affected by the Group's business decisions and, in making such decisions, its interests may not be aligned with those of the Holders***

As discussed in "*The circumstances surrounding or triggering an Automatic Conversion are unpredictable, and there are a number of factors that could affect the Group's fully loaded CET1 Ratio*" and "*The Capital Regulations impose capital and regulatory requirements that will restrict the Issuer's ability to make discretionary distributions in certain circumstances, in which case the Issuer may reduce or cancel interest payments on the Securities. In addition, the PRA has broad powers to impose prudential requirements on the Issuer which may include requiring the Issuer to limit or cancel interest on the Securities*" above, the Group's fully loaded CET1 Ratio and, more generally, its overall capital position could be affected by a number of factors. The Group's fully loaded CET1 Ratio and its overall capital position will also depend on the Group's decisions relating to its businesses and operations, as well as the management of its capital position. Neither the Issuer nor any member of the Group will have any obligation to consider the interests of the Holders in connection with its strategic decisions, including in respect of its capital management. Holders will not have any claim against the Issuer or any other member of the Group relating to decisions

that affect the business and operations of the Group, including the Group's capital position, regardless of whether they result in the occurrence of mandatory distribution restrictions and/or a Capital Adequacy Trigger Event. Such decisions could cause Holders to lose all or part of the value of their investment in the Securities.

***Future regulatory changes to the calculation of CET1 Capital and/or Risk Weighted Assets may negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, which will lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of their investment in the Securities***

For the purposes of the Securities, the Issuer will determine the Group's CET1 Capital and Risk Weighted Assets on a "fully loaded basis" without applying the transitional provisions set out in Part Ten of the UK CRD Regulation (which currently means the phase-in arrangements for the regulatory capital impact of IFRS 9). As a result, the Issuer's CET1 Ratio may be lower than it would be were it to calculate the CET1 Ratio applying the IFRS 9 phase-in arrangements. Furthermore, the application of IFRS 9 is expected to result in greater changes from period to period in the level of provisions, which in turn would result in greater volatility over time in the Group's income and consequently the Group's CET1 Ratio.

As at 31 March 2022, the Group's fully loaded CET1 Ratio was 13.6 per cent., while the Group's CET1 Ratio calculated applying the IFRS 9 phase-in arrangements was 13.8 per cent. The Group's interpretation of Capital Regulations and the basis of its determination of the Group's fully loaded CET1 Ratio may be different from those of other financial institutions. For more information on how this ratio is determined, see the section entitled "Risk review – Treasury and Capital risk" on page 275 of the 2021 Annual Report, which is incorporated by reference into this Offering Circular. For the purposes of the Securities, the calculation by the Issuer of the Group's fully loaded CET1 Ratio (based on its interpretation of the Capital Regulations) at any time is binding on the Trustee and the Holders of the Securities.

The requirements relating to capital ratios in the Capital Regulations may change whether as a result of further changes to UK CRD to complete the UK implementation of the remaining Basel III reforms, and/or changes to the way in which the PRA interprets and applies these requirements to UK banks and bank holding companies (including as regards individual model approvals granted by the PRA) and/or changes to the UK capital framework as a result of the UK's withdrawal from the European Union.

In addition, regulatory initiatives may impact the calculation of the Group's Risk Weighted Assets, being the denominator of the CET1 Ratio. For example, in December 2017, the Basel Committee on Banking Supervision published proposed regulatory reforms including a standardised approach to the determination of risk weighted assets in "Basel III: Finalising post-crisis reforms" (the "**BCBS package**"). Broadly, the finalised BCBS package aims to: (i) strengthen risk sensitivity and comparability in credit risk by adopting minimum "input" floors for certain metrics; (ii) introduce a standardised approach to credit valuation adjustment risk; (iii) introduce a standardised approach to operational risk; (iv) provide safeguards against unsustainable levels of leverage by adding a leverage ratio buffer for global systemically important banks; and (v) ensure that banks' "output" floors can be calculated as being 72.5 per cent. of total standardised approach RWAs. The date of implementation for most of the proposed reforms listed above had been set at 1 January 2022. However, the Basel Committee on Banking Supervision has chosen to bring the output floor requirements into force over the course of an added five-year phased implementation period post 1 January 2022, ending on 1 January 2027. In March 2020, the oversight body of the Basel Committee on Banking Supervision, the Group of Central Bank Governors and Heads of Supervision (the "**GHOS**") announced that it has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the COVID-19 pandemic on the global banking system, including the deferral by one year to 1 January 2023 of the implementation date of most of the proposed reforms listed above and the deferral by one year to 1 January 2028 of the implementation period for the accompanying transitional arrangements for the output floor. In November 2021, the UK financial regulators announced that they would look to implement the BCBS package post March 2023 and, in March 2022, the Bank of England announced its intention to consult on a proposal for these changes to become effective on 1 January 2025. These proposals and resulting changes, either individually and/or in aggregate, may lead to further unexpected enhanced requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

Therefore, any changes that may occur in the application of the Capital Regulations in the UK subsequent to the date of this Offering Circular and/or any subsequent changes to such rules and other variables may

individually and/or in the aggregate negatively affect the Group's fully loaded CET1 Ratio and thus increase the risk of a Capital Adequacy Trigger Event, the occurrence of which would lead to an Automatic Conversion, as a result of which Holders could lose all or part of the value of any investment in the Securities.

*Failure to meet the requirements of regulatory stress tests could result in the Group taking steps to improve its capital position and may otherwise adversely affect the Group.*

The Group and certain of its members are subject to supervisory stress testing exercises in a number of jurisdictions. These exercises currently include the programs of the Bank of England, the European Banking Authority, the Federal Deposit Insurance Corporation and the Federal Reserve Bank of New York. These exercises are designed to assess the resilience of banks to adverse economic or financial developments and ensure that they have robust, forward-looking capital planning processes that account for the risks associated with their business profile. Assessment by regulators is on both a quantitative and qualitative basis, the latter focusing on the Group's, or certain of its members' business model, data provision, stress testing capability and internal management processes and controls.

Failure to meet requirements of regulatory stress tests, or the failure by regulators to approve the stress test results and capital plans of the Group, could result in the Group or certain of its members being required to enhance their capital position, including, for example, an additional PRA buffer which may be set by the PRA in certain circumstances, as set out in the PRA's Policy Statement PS17/15 (Assessing capital adequacy under Pillar 2) and the related Statement of Policy (The PRA's methodologies for setting Pillar 2 capital). This may result in a need for management actions, such as reducing capital and/or leverage exposures and/or taking steps to conserve capital, which could include reducing discretionary payments (for example, potentially exercising the Issuer's discretion to cancel (in whole or in part) interest payments in respect of the Securities).

***The Issuer may redeem the Securities at its option in certain situations***

The Issuer may, at its option, at any time, redeem the Securities, in whole but not in part, at a price equal to 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as provided under the sub-section entitled "*Terms and Conditions of the Securities – Interest Calculation*") to (but excluding) the date fixed for redemption, if a Regulatory Event or a Tax Event has occurred, as provided under the sub-sections entitled "*Terms and Conditions of the Securities – Redemption and Purchase – Redemption for Regulatory Event*" and "*Terms and Conditions of the Securities – Redemption and Purchase – Redemption for Tax Event*". In addition, the Issuer may, at its option, redeem the Securities, in whole but not in part, on any day falling in the period commencing on (and including) 15 September 2027 and ending on (and including) the First Reset Date or on any subsequent Reset Date at a redemption price equal to 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled as provided under the sub-section entitled "*Terms and Conditions of the Securities – Interest Cancellation*") to (but excluding) the date fixed for redemption.

The Issuer may choose to redeem the Securities at times when prevailing interest rates may be relatively low or in other circumstances favourable to the Issuer. If the Issuer redeems the Securities, Holders may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Securities.

In addition, any early redemption of the Securities is subject to, among other things, receipt of the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations), regardless of whether such redemption would be favourable or unfavourable to Holders.

Furthermore, Holders have no right to request the redemption of the Securities and should not invest in the Securities in the expectation that the Issuer would exercise its option to redeem the Securities. Any decision by the Issuer as to whether it will exercise its option to redeem the Securities will be taken at the absolute discretion of the Issuer with regard to factors such as, but not limited to, the economic impact of exercising such option to redeem the Securities, any tax consequences, the regulatory capital requirements and the prevailing market conditions.

***The Issuer's obligations under the Securities will be unsecured and subordinated, and the rights of the holders of Conversion Shares will be further subordinated***

The Issuer's obligations under the Securities will be unsecured and subordinated to all of the Issuer's existing and future obligations to Senior Creditors (as defined under "*Terms and Conditions of the Securities – Status*" below). In addition, payment of principal or interest in respect of the Securities cannot be made in respect of the Securities except to the extent that the Issuer could make such payment and still satisfy the Solvency Condition (as defined under "*Terms and Conditions of the Securities – Status*" below) immediately thereafter. The Banks and Building Societies (Priorities on Insolvency) Order 2018 (the "**2018 Order**") splits a financial institution's non-preferential debts into classes, and provides that ordinary non-preferential debts will rank ahead of secondary non-preferential debts and tertiary non-preferential debts. The Securities constitute tertiary non-preferential debts under the terms of the 2018 Order, and therefore both ordinary and secondary non-preferential debts would continue to rank ahead of claims in respect of the Securities.

If: (a) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or (b) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend, then: (1) if such events specified in (a) or (b) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of each Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a Holder if, on the day prior to the commencement of such winding-up or administration and thereafter, such Holder were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in such winding-up or administration to, and so ranking *pari passu* with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in such winding-up or administration, and so ranking ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such Holder was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Security together with any damages (if payable); and (2) if such events specified in (a) or (b) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such winding-up or administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (a) or (b) above.

Therefore, if the Issuer were to be wound up or placed into administration, the Issuer's liquidator or administrator would first apply assets of the Issuer to satisfy all rights and claims of Senior Creditors. If the Issuer does not have sufficient assets to settle claims of such Senior Creditors in full, the claims of the Holders will not be settled and, as a result, the Holders will lose the entire amount of their investment in the Securities. In such winding-up or administration, the Securities will share equally in payment with claims under Parity Securities (or, with claims in respect of ordinary shares, in the event of a winding-up or administration occurring in the intervening period between a Capital Adequacy Trigger Event and the Conversion Date) if the Issuer does not have sufficient funds to make full payments on all of them, as applicable. In such a situation, Holders could lose all or part of their investment. See also "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities*" above.

Furthermore, Holders should be aware that, upon the occurrence of an Automatic Conversion, all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities), and each Holder will be effectively further subordinated due to the change in their status on a winding-up or administration after the Conversion Date from being the holder of a debt instrument ranking ahead of holders of ordinary shares to being the holder of ordinary shares of the Issuer or the beneficial owner of ordinary shares of the Issuer as evidenced by the Security. As a result, upon the occurrence of an Automatic Conversion, the Holders could lose all or part of their investment in the Securities irrespective of whether the Issuer has sufficient assets available to settle what would have been the claims of the Holders or other securities subordinated to the same extent as the Securities, in winding-up proceedings or otherwise. Therefore, even if other securities that rank *pari passu* with the Securities are paid in full, following the

Conversion Date in respect of an Automatic Conversion, the Holders will have no rights to the repayment of the principal amount of the Securities or the payment of interest on the Securities and will rank as holders of ordinary shares of the Issuer (or beneficial owners of ordinary shares of the Issuer).

***Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities***

The tools and powers described below are in addition to the operation of the Automatic Conversion upon the occurrence of a Capital Adequacy Trigger Event pursuant to the Conditions.

*The Issuer and the Group are subject to substantial resolution powers*

Under the Banking Act substantial powers are granted to the Bank of England (or, in certain circumstances, HM Treasury), in consultation with the PRA, the FCA and HM Treasury, as appropriate as part of a special resolution regime (the "SRR"). These powers enable the Resolution Authority to implement various resolution measures and stabilisation options (including, but not limited to, the bail-in tool) with respect to a UK bank or investment firm and certain of its affiliates (as at the date of this Offering Circular, including the Issuer) (each a "relevant entity") in circumstances in which the Resolution Authority is satisfied that the relevant resolution conditions are met.

The SRR consists of five stabilisation options: (a) private sector transfer of all or part of the business or shares of the relevant entity, (b) transfer of all or part of the business of the relevant entity to a "bridge bank" established by the Bank of England, (c) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England, (d) the bail-in tool (as described below) and (e) temporary public ownership (nationalisation).

The Banking Act also provides for additional insolvency and administration procedures for relevant entities and for certain ancillary powers, such as the power to modify contractual arrangements in certain circumstances (which could include a variation of the terms of the Securities), powers to impose temporary suspension of payments, powers to suspend enforcement or termination rights that might be invoked as a result of the exercise of the resolution powers and powers for the Resolution Authority to disapply or modify laws in the UK (with possible retrospective effect) to enable the powers under the Banking Act to be used effectively.

Holders should assume that, in a resolution situation, financial public support will only be available to a relevant entity as a last resort after the Resolution Authority has assessed and used, to the maximum extent practicable, the resolution tools, including the bail-in tool.

The exercise of any resolution power or any suggestion of any such exercise could materially adversely affect the value of the Securities and could lead to Holders losing some or all of the value of their investment in the Securities.

*Resolution powers triggered prior to insolvency may not be anticipated and Holders may have only limited rights to challenge them*

The resolution powers conferred by the SRR are intended to be used prior to the point at which any insolvency proceedings with respect to the relevant entity could have been initiated. The purpose of the resolution powers is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns.

Although the Banking Act provides specific conditions to the exercise of any resolution powers, it is uncertain how the Resolution Authority would assess such conditions in any particular pre-insolvency scenario affecting the Issuer and/or other members of the Group and in deciding whether to exercise a resolution power.

The Resolution Authority is also not required to provide any advance notice to Holders of its decision to exercise any resolution power. Therefore, Holders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer, the Group and the Securities.



Furthermore, Holders may have only limited rights to challenge and/or seek a suspension of any decision of the Resolution Authority to exercise its resolution powers (including the bail-in tool) or to have that decision reviewed by a judicial or administrative process or otherwise.

*The Resolution Authority may exercise the bail-in tool in respect of the Issuer and the Securities, which may result in Holders losing some or all of their investment*

Where the relevant statutory conditions for use of the bail-in tool have been met, the Resolution Authority would be expected to exercise these powers without the consent of the Holders. The Banking Act specifies the order in which the bail-in tool should be applied, reflecting the hierarchy of capital instruments under UK CRD and otherwise respecting the hierarchy of claims in an ordinary insolvency. Any such exercise of the bail-in tool in respect of the Issuer and the Securities may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Securities and/or the conversion of the Securities into shares or other Securities or other obligations of the Issuer or another person, or any other modification or variation to the terms of the Securities.

The exercise of the bail-in tool in respect of the Issuer and the Securities or any suggestion of any such exercise could materially adversely affect the rights of the Holders, the price or value of their investment in the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities and could lead to Holders losing some or all of the value of their investment in the Securities. The bail-in tool contains an express safeguard (known as 'no creditor worse off') with the aim that shareholders and creditors do not receive a less favourable treatment than they would have received in ordinary insolvency proceedings. However, even in circumstances where a claim for compensation is established under the 'no creditor worse off' safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Holders in the resolution and there can be no assurance that Holders would recover such compensation promptly.

*Mandatory write-down and conversion of capital instruments may affect the Securities*

In addition, the Banking Act grants the power to the Resolution Authority to permanently write-down, or convert into equity, Tier 1 capital instruments (such as the Securities), Tier 2 capital instruments and internal eligible liabilities at the point of non-viability of the relevant entity and before, or together with, the exercise of any resolution powers conferred by the SRR (except in the case where the bail-in tool is to be utilised for other liabilities, in which case such capital instruments or internal eligible liabilities would be written down or converted into equity pursuant to the exercise of the bail-in tool, as described above, rather than the mandatory write-down and conversion power).

Holders may be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Holders), which may result in such Holders losing some or all of their investment or the Securities being converted into ordinary shares at a rate that may deliver fewer ordinary shares than if the Securities were to be converted into ordinary shares in accordance with their terms. The "no creditor worse off" safeguard would not apply in relation to an application of such powers to capital instruments such as these Securities in circumstances where resolution powers are not also exercised.

The exercise of such mandatory write-down and conversion power under the Banking Act or any suggestion of such exercise could, therefore, materially adversely affect the rights of Holders, the price or value of their investment in the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

See "*The Issuer is a holding company, which means that its right to participate in the assets of any of its subsidiaries (including those of BBPLC, BBUKPLC, Barclays Execution Services Limited or any other present or future subsidiary) upon the liquidation of such subsidiaries, and the extent to which the Issuer suffers losses if it or any of its subsidiaries are subject to bank resolution proceedings, may depend, amongst other things, upon the degree to which the Issuer's loans to, and investments in, such subsidiaries are subordinated*" above for a description of the risks relating to and arising from the Issuer's rights to participate in the assets of its subsidiaries and the effect of the exercise of such mandatory write-down and conversion power in respect of such subsidiaries.

For a description of the relevant underlying regulatory background, including the bail-in tool and the mandatory write-down and conversion power, see the section entitled "*Risk review – Supervision and Regulation*" on pages 289 to 294 of the 2021 Annual Report.

### ***Holders agree to be bound by the exercise of any UK Bail-in Power by the Resolution Authority***

In recognition of the resolution powers granted by law to the Resolution Authority, by acquiring the Securities, each Holder acknowledges and accepts that the Relevant Amounts (as defined in the Conditions) arising under the Securities may be subject to the exercise of the UK Bail-in Power (as defined in the Conditions) and acknowledges, accepts, consents and agrees to be bound by the effect of the exercise of any UK Bail-in Power by the Resolution Authority, that may result in (i) the reduction of all, or a portion, of the Relevant Amounts; (ii) the conversion of all, or a portion, of the Relevant Amounts on the Securities into shares or other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Securities; (iii) the cancellation of the Securities; (iv) the amendment of the amount of interest that may be payable on the Securities, or the dates on which interest may become payable, including by suspending payment for a temporary period. Each Holder further acknowledges, accepts, consents and agrees to be bound by the variation of the terms of the Securities, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

Accordingly, the UK Bail-in Power may be exercised in such a manner as to result in Holders losing all or a part of the value of their investment in the Securities or receiving a different security from the Securities, which may be worth significantly less than the Securities and which may have significantly fewer protections than those typically afforded to debt securities. Moreover, the Resolution Authority may exercise the UK Bail-in Power without providing any advance notice to, or requiring the consent of, the Holders. In addition, under the Conditions, the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Securities is not an event of default or Default (as defined in the Trust Deed). See also "*Regulatory action in the event a bank or investment firm in the Group is failing or likely to fail, including the exercise by the Resolution Authority of a variety of statutory resolution powers, could materially adversely affect the value of the Securities*" above.

### ***The Resolvability Assessment Framework could impact market perceptions of the Issuer and/or the Group and in turn affect the value of the Securities***

The Banking Act and associated FCA and PRA rules contain requirements relating to recovery and resolution plans, early supervisory interventions and the resolution of firms (including the bail-in tool).

The Bank of England and the PRA rules on a resolvability assessment framework (the "**Resolvability Assessment Framework**"), require the largest UK banks (including the Group) to carry out realistic assessments of their preparations for resolution. Summaries of the same and the Bank of England's assessment of such preparations are to be disclosed publicly. The Group's latest assessment and the Bank of England's assessment thereof was published on 10 June 2022. Although the Bank of England's assessment concluded that there are no shortcomings, deficiencies or substantive impediments identified in the Group's resolution capabilities that could impede its ability to execute the preferred resolution strategy, the Group will continue to work with the Bank of England, along with the Group's other regulators and resolution authorities globally, to maintain and enhance its resolvability capabilities. The outcomes of complying with the Resolvability Assessment Framework from time to time and any possible regulatory or other actions deriving thereof may affect the way in which the Issuer and/or the Group is perceived by the market, which in turn may affect the value of the Securities.

For a description of the relevant underlying regulatory background, see the section entitled "*Risk review – Supervision and regulation*" on pages 289 to 294 of the 2021 Annual Report.

### ***Holders will have limited remedies***

Payment of principal on the Securities shall be accelerated only in the event of certain events of a winding-up or administration involving the Issuer that constitute a Winding-up Event before the occurrence of a Capital Adequacy Trigger Event. Under the terms of the Securities, a Winding-up Event results if either (i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be organised) makes an order for the winding-up of the Issuer which is not successfully appealed within 30 days of the making of such order, (ii) the Issuer's shareholders adopt an effective resolution for its winding-up (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency), or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a

dividend. There is no right of acceleration in the case of non-payment of principal or interest on the Securities or of the Issuer's failure to perform any of its obligations under or in respect of the Securities.

The sole remedy against the Issuer available for recovery of amounts owing in respect of any non-payment of any amount that has become due and payable under the Securities is, subject to certain conditions and to the provisions set forth in the sub-section entitled "*Terms and Conditions of the Securities—Enforcement Events and Remedies*", for the Trustee to institute proceedings in England (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the Issuer's liquidation or administration.

Although the Trustee may institute such proceedings against the Issuer as it may think fit to enforce any term, obligation or condition binding on the Issuer under the Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or interest, including any Additional Amounts, excluding any amount due to the Trustee in respect of its fees and/or expenses), **provided always that** the Trustee (acting on behalf of the Holders) and the Holders may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgment or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

The remedies under the Securities are more limited than those typically available to the Issuer's unsubordinated creditors.

No interest will be due and payable if such interest has been cancelled or deemed cancelled (in each case, in whole or in part) as described under the sub-section entitled "*Terms and Conditions of the Securities—Interest Cancellation*" below. Accordingly, no default in payment or otherwise under the Securities will have occurred or be deemed to have occurred in such circumstances.

Following the occurrence of an Automatic Conversion, all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with the terms of the Securities) on the Conversion Date, and no principal or interest can become due and payable after such date. An Automatic Conversion will not constitute a default or a Winding-up Event under the Securities.

#### ***Waiver of set-off***

Holders waive any right of set-off in relation to the Securities insofar as permitted by applicable law. Therefore, Holders will not be entitled (subject to applicable law) to set-off the Issuer's obligations under the Securities against obligations owed by them to the Issuer.

#### ***Changes in law may adversely affect the rights of Holders and the market value of the Securities***

The Conditions are based on English law in effect as at the Issue Date. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the Issue Date. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Securities, which may have an adverse effect on an investment in the Securities.

In addition, any change in law or regulation that triggers a Regulatory Event or a Tax Event would entitle the Issuer, at its option (subject to, amongst other things, receipt of the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations)), to redeem the Securities, in whole but not in part, as provided under Conditions 5(c) and 5(d).

Such legislative and regulatory uncertainty could also affect an investor's ability to accurately value the Securities and, therefore, affect the trading price of the Securities given the extent and impact on the Securities that one or more regulatory or legislative changes, including those described above, could have on the Securities.

The financial services industry has been and continues to be the focus of significant regulatory change and scrutiny which may adversely affect the Group's business, financial performance, capital and risk management strategies – see the section entitled "*Risk Review – Material existing and emerging risks – v*)

*Regulatory change agenda and impact on business model*" on page 206 of the 2021 Annual Report for more detail. Such regulatory changes may include higher capital and additional loss absorbency requirements and increased powers of competent authorities. Such changes, and the resulting actions taken to address such regulatory changes, may have an adverse impact on the Group's, and therefore the Issuer's, performance and financial condition. It is not yet possible to predict the detail of such legislation or regulatory rulemaking or the ultimate consequences to the Group or the Holders, which could be material to the rights of Holders of the Securities and/or the ability of the Issuer to satisfy its obligations under the Securities.

***There is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee***

Subject to complying with applicable regulatory requirements in respect of the Group's leverage and capital ratios, there is no restriction on the amount or type of further securities or indebtedness that the Issuer or its subsidiaries may issue, incur or guarantee, as the case may be, that rank senior to, or *pari passu* with, the Securities. The issue or guaranteeing of any such further securities or indebtedness may reduce the amount recoverable by Holders on a liquidation or winding-up of the Issuer and may limit the Issuer's ability to meet its obligations under the Securities. In addition, the Securities do not contain any restriction on the Issuer issuing securities that may have preferential rights to the Securities or securities with similar or different provisions to those described herein.

***Prior to the Conversion Date, Holders will not be entitled to any rights with respect to the Issuer's ordinary shares, but will be subject to all changes made with respect to the Issuer's ordinary shares***

The exercise of voting rights and certain other rights related to any Conversion Shares is only possible after the issue, registration and delivery of the Conversion Shares on the Conversion Date to the Conversion Shares Depository (or the relevant recipient) in accordance with the provisions of, and subject to the limitations provided in, the articles of association of the Issuer and under the sub-section entitled "*Terms and Conditions of the Securities – Automatic Conversion*". Prior to such issuance, registration and delivery, Holders will be subject to all changes made with respect to the Issuer's ordinary shares.

***As a result of Holders receiving Conversion Shares upon the occurrence of a Capital Adequacy Trigger Event, they are particularly exposed to changes in the market price of the Issuer's ordinary shares***

In general, investors in convertible or exchangeable securities may seek to hedge their exposure in the underlying equity securities at the time of acquisition of the convertible or exchangeable securities. Prospective investors in the Securities may look to sell ordinary shares of the Issuer in anticipation of taking a position in, or whilst holding, the Securities. This could drive down the price of the Issuer's ordinary shares. Since the Securities will mandatorily convert into Conversion Shares upon the occurrence of a Capital Adequacy Trigger Event, the price of the Issuer's ordinary shares may be more volatile if the Issuer is trending toward a Capital Adequacy Trigger Event.

***There may not be any trading market for the Securities***

The Securities are a new issue of securities and have no established trading market. Although application will be made to have the Securities admitted to listing and to trading on the ISM, there can be no assurance that an active trading market will develop. Even if an active trading market does develop, it may not be liquid and may not continue for the term of the Securities. The liquidity and the market prices for the Securities can be expected to vary with changes in market and economic conditions, the Group's financial condition and prospects and other factors that generally influence the market prices of securities. If the secondary market for the Securities is limited, there may be few buyers and this may reduce the relevant market price of the Securities. There can be no assurance that events in the United Kingdom or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Securities or that economic and market conditions will not have any other adverse effect on the Securities.

***A downgrade of the credit rating assigned by any credit rating agency to the Issuer or to the Securities could adversely affect the liquidity or market value of the Securities. Credit ratings downgrades could***

***occur as a result of, among other causes, changes in the ratings methodologies used by credit rating agencies***

Upon issuance, it is expected that the Securities will be rated by credit rating agencies and may in the future be rated by additional credit rating agencies, although the Issuer is under no obligation to ensure that the Securities are rated by any credit rating agency. Credit ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in these Risk Factors and other factors that may affect the liquidity or market value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the credit rating agency at any time.

Any rating assigned to the Issuer and/or the Securities may be withdrawn entirely by a credit rating agency, may be suspended or may be lowered, if, in that credit rating agency's judgment, circumstances relating to the basis of the rating so warrant. Ratings may be impacted by a number of factors which can change over time, including the credit rating agency's assessment of: the Issuer's strategy and management's capability; the Issuer's financial condition including in respect of capital, funding and liquidity; competitive and economic conditions in the Issuer's key markets; the level of political support for the industries in which the Issuer operates; and legal and regulatory frameworks affecting the Issuer's legal structure, business activities and the rights of its creditors. The credit rating agencies may also revise the ratings methodologies applicable to issuers within a particular industry or political or economic region. If credit rating agencies perceive there to be adverse changes in the factors affecting an issuer's credit rating, including by virtue of change to applicable ratings methodologies, the credit rating agencies may downgrade, suspend or withdraw the ratings assigned to an issuer and/or its securities. Revisions to ratings methodologies and actions on the Issuer's ratings by the credit rating agencies may occur in the future.

If the Issuer determines to no longer maintain one or more ratings, or if any credit rating agency withdraws, suspends or downgrades the credit ratings of the Issuer or the Securities, or if such a withdrawal, suspension or downgrade is anticipated (or any credit rating agency places the credit ratings of the Issuer or, if applicable, the Securities on "credit watch" status in contemplation of a downgrade, suspension or withdrawal), whether as a result of the factors described above or otherwise, such event could adversely affect the liquidity or market value of the Securities (whether or not the Securities had an assigned rating prior to such event).

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

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation.

If the status of the rating agency rating the Securities changes for the purpose of the EU CRA Regulation or the UK CRA Regulation, as applicable, EEA or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Securities may have a different regulatory treatment. This may result in the relevant investors selling the Securities which may impact the value of the Securities and any secondary market.

***The Securities are not considered investment grade by some of the rating agencies and are subject to the risks associated with non-investment grade securities***

The Securities, upon issuance, will not be considered to be investment grade securities by some of the rating agencies. As such, they will be subject to a higher risk of price volatility than higher-rated securities. Furthermore, increases in leverage or deteriorating outlooks for the Issuer, or volatile markets, could lead to a significant deterioration in market prices of below-investment grade rated securities such as the Securities.

### ***FATCA Withholding***

Under certain provisions of the U.S. Internal Revenue Code of 1986, as amended, and Treasury regulations promulgated thereunder (commonly referred to as "FATCA"), as well as certain intergovernmental agreements between the United States and certain other countries (including the UK) together with local country implementing legislation, a 30 per cent. withholding tax may be imposed on all or some of the payments on the Securities and Conversion Shares if those payments are treated as "foreign passthru payments", to Holders and non-U.S. financial institutions receiving payments on behalf of Holders that, in each case, fail to comply with information reporting, certification and related requirements. Under current regulations, the term "foreign passthru payments" is not defined, and it is not yet clear whether or to what extent payments on the Securities and Conversion Shares may be subject to this withholding tax. However, the U.S. Internal Revenue Service (the "IRS") has indicated that it will not apply withholding tax to any foreign passthru payments made prior to two years after the date on which final regulations on this issue are published. This withholding tax, if it applies, could apply to any payment made with respect to the Securities and Conversion Shares, including payments of both principal and interest. Moreover, withholding may be imposed at any point in a chain of payments if a non-U.S. payee fails to comply with U.S. information reporting, certification and related requirements. Accordingly, Securities and Conversion Shares held through a non-compliant institution may be subject to withholding even if the Holder otherwise would not be subject to withholding.

If withholding is required in respect of this withholding tax, the Issuer will not be required to pay any additional amounts with respect to any amounts withheld. Holders are urged to consult their tax advisers and any banks or brokers through which they will hold the Securities and Conversion Shares as to the consequences (if any) of these rules to them.

***Because the global certificate is held by or on behalf of the Clearing Systems, investors will have to rely on the Clearing Systems' procedures for transfer, payment and communication with the Issuer***

The Securities will be represented by a global certificate except in certain limited circumstances described in the section entitled "*Form of the Securities*" below. Such global certificate will be deposited with a common depository for Euroclear and/or Clearstream, Luxembourg and registered in the name of such depository or its nominee, and beneficial interests in the global certificate will be held through the Clearing Systems and their respective direct or indirect participants, and such direct and indirect participants will record beneficial interests on their books. While the Securities are represented by the global certificate, the Issuer will discharge its payment obligations under the Securities by making payments to or to the order of the common depository for Euroclear and/or Clearstream, Luxembourg, for distribution to its account holders. A holder of a beneficial interest in a global certificate must rely on the procedures of the Clearing Systems to receive payments under the Securities. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the global certificate. Holders of beneficial interests in the global certificate may have to rely on the Clearing Systems to exercise their voting rights in any creditors' meeting in relation to the Securities or to appoint appropriate proxies.

***The Trust Deed contains provisions which may permit modification of the Securities without the consent of all Holders***

The Trust Deed contains provisions permitting modifications and amendments to the Securities without the consent of the Holders and with the consent of a specified quorum and majority of the outstanding Securities in other circumstances. Valid resolutions passed by such Holders will bind all Holders including those Holders that did not attend and vote at the relevant meeting and those Holders who voted in a manner contrary to the majority.

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

The Issuer will pay principal and interest on the Securities in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (1) the Investor's Currency-equivalent yield on the Securities,

(2) the Investor's Currency equivalent value of the principal payable on the Securities, and (3) the Investor's Currency equivalent market value of the Securities.

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

## INFORMATION INCORPORATED BY REFERENCE

The following information shall be deemed to be incorporated in, and to form part of, this Offering Circular and has been filed with the FCA:

- (a) the Annual Report of the Issuer in respect of the financial year ended 31 December 2021 published on 23 February 2022 containing the audited consolidated financial statements of the Issuer and the independent auditor's report thereon, but excluding the sections "Strategic report" on pages 2 to 51 and the "Environmental Social Governance report" on pages 52 to 104 (the "**2021 Annual Report**");

- (b) the sections set out below from the Annual Report of the Issuer in respect of the financial year ended 31 December 2020 published on 18 February 2021, containing the audited consolidated financial statements of the Issuer and the independent auditor's report thereon (the "**2020 Annual Report**" and together with the 2021 Annual Report, the "**Annual Reports**");

Financial Statements: Independent Auditor's report	260-278
Financial Statements: Consolidated financial statements	279-285
Financial Statements: Notes to the financial statements	286-376;

- (c) the unaudited Q1 2022 Results Announcement of the Issuer in respect of the three months ended 31 March 2022 published on 28 April 2022 (the "**Q1 2022 Results Announcement**");

- (d) the announcement of the Issuer and BBPLC dated 28 March 2022 titled "*Impact of over-issuance under BBPLC U.S. Shelf*" (the "**Over-issuance Announcement**"), which is available in electronic form at:

<https://home.barclays/content/dam/home-barclays/documents/investor-relations/IRNewsPresentations/2022News/20220328-Impact-of%20over-issuance-under-BBPLC-US-Shelf.pdf>;

- (e) the announcement of the Issuer dated 16 May 2022 titled "*Restatement of Barclays PLC financial statements in its 2021 Form 20-F*" (the "**2021 Form 20-F Restatement Announcement**"), which is available in electronic form at:

<https://home.barclays/content/dam/home-barclays/documents/investor-relations/IRNewsPresentations/2022News/20220516-BPLC-Restatement-of-financial-statements-on-Form-20-F.pdf>; and

- (f) the announcement of the Issuer and BBPLC dated 23 May 2022 titled "*Amendments to Annual Reports on Form 20-F and other matters*" (the "**Form 20-F Amendment Announcement**"), which is available in electronic form at:

<https://home.barclays/content/dam/home-barclays/documents/investor-relations/IRNewsPresentations/2022News/20220523-Amendments-to-Annual-Reports-on-Form%2020-F.pdf>

The above documents may be inspected as described in paragraph 5 of "*General Information*" herein. The documents listed above are available at <https://home.barclays/investor-relations>. Any information incorporated by reference in the documents specified above does not form part of this Offering Circular. For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the above website and information contained on any websites referred to in any of the documents specified above does not form part of this Offering Circular.

The financial statements incorporated by reference above from the 2021 Annual Report have been prepared by the Issuer in accordance with UK-adopted international accounting standards and also in accordance with IFRS as issued by the International Accounting Standards Board, including interpretations issued by the IFRS Interpretations Committee ("**IFRICs**"). A summary of the significant accounting policies for the Issuer is included in the 2021 Annual Report.

The financial statements incorporated by reference above from the 2020 Annual Report have been prepared by the Issuer in accordance with international accounting standards in conformity with the requirements of



the Companies Act 2006 and in accordance with IFRS and IFRICs as issued by the International Accounting Standards Board and adopted pursuant to Regulation (EC) No 1606/2002 as it applied in the EU. These standards have also been adopted by the UK. A summary of the significant accounting policies for the Issuer is included in the 2020 Annual Report.

Any statement contained in the Offering Circular or in any other document incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. This Offering Circular must be read in conjunction with the documents incorporated by reference herein.

Full information on the Issuer and the Securities described herein is only available on the basis of a combination of this Offering Circular and any other information incorporated by reference into this Offering Circular.

## TERMS AND CONDITIONS OF THE SECURITIES

*The following, subject to completion and amendment, are the terms and conditions of the Securities substantially as they will appear in the Trust Deed constituting the Securities. The wording appearing in italics below is included for disclosure purposes only and does not form part of the terms and conditions of the Securities.*

The £1,250,000,000 8.875 per cent. Fixed Rate Resetting Perpetual Subordinated Contingent Convertible Securities (the "**Securities**", which expression includes any further securities issued pursuant to Condition 15 (*Further Issues*) and forming a single series therewith) of Barclays PLC (the "**Issuer**") are constituted by, are subject to, and have the benefit of, a trust deed dated 28 June 2022 (as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") between the Issuer and BNY Mellon Corporate Trustee Services Limited as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of an agency agreement dated 28 June 2022 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the "**Registrar**", which expression includes any successor registrar appointed from time to time in connection with the Securities), The Bank of New York Mellon, London Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Securities), the transfer agents named therein (the "**Transfer Agents**", which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Securities), The Bank of New York Mellon, London Branch as calculation agent (the "**Calculation Agent**", which expression includes any successor calculation agent appointed from time to time in connection with the Securities) and the Trustee. References herein to the "**Agents**" are to the Registrar, the Principal Paying Agent, the Transfer Agents, the Paying Agents and the Calculation Agent and any reference to an "**Agent**" is to any one of them. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The Holders (as defined below) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available by appointment for inspection by Holders during normal business hours at the registered office for the time being of the Trustee, being at the date hereof One Canada Square, London E14 5AL and at the Specified Offices of each of the Agents, the initial Specified Offices of which are set out below or at the Trustee's or the relevant Agent's option (as applicable), such inspection may be provided electronically.

### 1. **Form, Denomination and Status**

#### (a) *Form and denomination*

The Securities are in registered form in the denominations of £200,000 and integral multiples of £1,000 in excess thereof (each, an "**Authorised Denomination**").

#### (b) *Status*

The Securities constitute direct, unsecured and subordinated obligations of the Issuer, ranking *pari passu* without any preference among themselves. In the event of the winding-up or administration of the Issuer, the rights and claims of the Holders in respect of or arising from the Securities (including any damages (if payable)) are subordinated to the claims of Senior Creditors.

If:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case for a solvent winding-up solely for the purpose of a merger, reconstruction or amalgamation); or
- (ii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend,

then, (1) if such events specified in (i) or (ii) above occur before the date on which a Capital Adequacy Trigger Event occurs, there shall be payable by the Issuer in respect of

each Security (in lieu of any other payment by the Issuer) such amount, if any, as would have been payable to a Holder if, on the day prior to the commencement of such winding-up or administration and thereafter, such Holder were the holder of the most senior class of preference shares in the capital of the Issuer, having an equal right to a return of assets in such winding-up or administration to, and so ranking *pari passu* with, the holders of such class of preference shares (if any) from time to time issued by the Issuer that has a preferential right to a return of assets in such winding-up or administration, and so ranking ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but ranking junior to the claims of Senior Creditors, and on the assumption that the amount that such Holder was entitled to receive in respect of such preference shares, on a return of assets in such winding-up or administration, was an amount equal to the principal amount of the relevant Security together with any damages (if payable) and (2) if such events specified in (i) or (ii) above occur on or after the date on which a Capital Adequacy Trigger Event occurs but before the Conversion Date, then for the purposes of determining the claim of a Holder in such winding-up or administration, the Conversion Date in respect of an Automatic Conversion shall be deemed to have occurred immediately before the occurrence of such events specified in (i) or (ii) above.

Furthermore, other than in the event of a winding-up or administration of the Issuer specified in (i) or (ii) above, payments in respect of or arising from the Securities are conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no sum in respect of or arising from the Securities may fall due and be paid except to the extent that the Issuer could make such payment and still be solvent immediately thereafter (such condition referred to herein as the "**Solvency Condition**"). For the purposes of determining whether the Solvency Condition is met, the Issuer shall be considered to be solvent at a particular point in time if (i) it is able to pay its debts owed to Senior Creditors as they fall due and (ii) the Balance Sheet Condition has been met.

A certificate as to whether or not the Issuer is solvent at any particular point in time by two Authorised Signatories shall be treated by the Issuer, the Trustee, the Holders and all other interested parties as correct and sufficient evidence thereof.

Any payment of interest not due by reason of this paragraph (b) (*Status*) shall be deemed cancelled as provided in Condition 4(b) (*Interest Cancellation – Restriction on interest payments*).

"**2018 Order**" means the Banks and Building Societies (Priorities on Insolvency) Order 2018.

"**secondary non-preferential debts**" shall have the meaning given to it in the 2018 Order and any other law or regulation applicable to the Issuer which is amended by the 2018 Order, as each may be amended or replaced from time to time.

"**Senior Creditors**" means creditors of the Issuer (i) who are unsubordinated creditors; (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up or administration of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise; (iii) who are creditors in respect of any secondary non-preferential debts; or (iv) whose claims are, or are expressed to be, junior to the claims of other creditors of the Issuer, whether subordinated or unsubordinated, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders.

The "**Balance Sheet Condition**" shall be satisfied in relation to the Issuer if the value of its assets is at least equal to the value of its liabilities (taking into account its contingent and prospective liabilities), according to the criteria that would be applied by the High Court of Justice of England and Wales (or the relevant authority of such other jurisdiction in which the Issuer may be organised) in determining whether the Issuer is "unable to pay its debts" under section 123(2) of the United Kingdom Insolvency Act 1986 or any amendment or re-enactment thereof (or in accordance with the corresponding provisions of the applicable laws of such other jurisdiction in which the Issuer may be organised).

(c) *No set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under, or in connection with, the Securities and each Holder shall, by virtue of its holding of any Securities, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the above, if any amounts due and payable to any Holder by the Issuer in respect of, or arising under, the Securities are discharged by set-off, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or administrator of the Issuer, as the case may be) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or administrator of the Issuer, as the case may be) and, accordingly, any such discharge shall be deemed not to have taken place. By its acquisition of the Securities, each Holder agrees to be bound by this paragraph (c) (*No set-off*) relating to waiver of set-off.

(d) *The Trustee*

The provisions of paragraph (b) (*Status*) above apply only to the principal and interest and any other amounts payable in respect of the Securities and nothing in paragraph (b) (*Status*) above or in Conditions 4 (*Interest Cancellation*), 8 (*Automatic Conversion*) or 10 (*Enforcement Events and Remedies*) shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall have no responsibility for, or liability or obligation in respect of, any loss, claim or demand incurred as a result of or in connection with any non-payment of interest, principal or other amounts by reason of paragraph (b) (*Status*) above or Condition 4 (*Interest Cancellation*) or any Automatic Conversion pursuant to Condition 8 (*Automatic Conversion*). Furthermore, the Trustee shall not be responsible for any calculation or the verification of any calculation in connection with any of the foregoing.

2. **Register, Title and Transfers**

(a) *Register*

The Registrar will maintain a register (the "**Register**") in respect of the Securities in accordance with the provisions of the Agency Agreement. In these Conditions, the "**Holder**" of a Security means the person in whose name such Security is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof). A certificate (each, a "**Certificate**") will be issued to each Holder in respect of its registered holding. Each Certificate will be numbered serially with an identifying number which will be recorded in the Register.

(b) *Title*

The Holder of each Security shall (except as otherwise required by law) be treated as the absolute owner of such Security for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Certificate) and no person shall be liable for so treating such Holder. No person shall have any right to enforce any term or condition of the Securities or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

(c) *Transfers*

Subject to paragraphs (f) (*Closed periods*) and (g) (*Regulations concerning transfers and registration*) below, a Security may be transferred upon surrender of the relevant Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer;

*provided, however, that* a Security may not be transferred unless the principal amount of Securities transferred and (where not all of the Securities held by a Holder are being transferred) the principal amount of the balance of Securities not transferred are Authorised Denominations. Where not all the Securities represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Securities will be issued to the transferor.

(d) *Registration and delivery of Certificates*

Within five business days of the surrender of a Certificate in accordance with paragraph (c) (*Transfers*) above, the Registrar will register the transfer in question and deliver a new Certificate of a like principal amount to the Securities transferred to each relevant Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph (d) (*Registration and delivery of Certificates*), "**business day**" means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.

(e) *No charge*

The transfer of a Security will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

(f) *Closed periods*

Holders may not require transfers to be registered during the period of 15 days ending on any Interest Payment Date or the date fixed for redemption (if any), as the case may be.

(g) *Regulations concerning transfers and registration*

All transfers of Securities and entries on the Register are subject to the detailed regulations concerning the transfer of Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Holder who requests in writing a copy of such regulations.

3. **Interest**

(a) *Interest accrual*

The Securities bear interest at the applicable Rate of Interest from (and including) the Issue Date and the amount of such interest will (subject to Condition 4 (*Interest Cancellation*), Condition 6 (*Payments*) and Condition 8 (*Automatic Conversion*)) be payable on each Interest Payment Date, in accordance with the provisions of this Condition 3 (*Interest*). Each Security will cease to bear interest from the date fixed for redemption (if any) unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest in accordance with, and subject to, the Conditions (both before and after judgment) until the day on which such principal is received by or on behalf of the relevant Holder.

(b) *Rate of interest*

(i) The rate of interest in respect of the period from (and including) the Issue Date to (but excluding) 15 March 2028 (the "**First Reset Date**") will be 8.875 per cent. per annum (the "**Initial Interest Rate**").

(ii) The rate of interest in respect of each period from (and including) each Reset Date to (but excluding) the next following Reset Date (each such period, a "**Reset**

**Period**") shall be a rate per annum equal to the aggregate of the applicable Reference Bond Rate on the Reset Determination Date immediately preceding the relevant Reset Date and 6.955 per cent. (the "**Margin**") (the "**Subsequent Interest Rate**", such term including any fallback interest rate determined in accordance with these Conditions).

(c) *Interest Payment Dates*

- (i) Subject to Condition 4 (*Interest Cancellation*) and paragraph (ii) below, interest, if any, will be payable quarterly in arrear on 15 March, 15 June, 15 September and 15 December of each year (each, an "**Interest Payment Date**").
- (ii) Subject to Condition 4 (*Interest Cancellation*), the first date on which interest may be paid will be 15 December 2022 for the period commencing on (and including) the Issue Date to (but excluding) 15 December 2022 (and thus a long first interest period).

(d) *Calculation of interest amount*

Subject to Condition 4 (*Interest Cancellation*) and Condition 6 (*Payments*), the amount of interest payable in respect of each Security shall be calculated by applying the relevant Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest penny (half a penny being rounded upwards) and multiplying such rounded figure by a fraction equal to the Authorised Denomination of such Security divided by the Calculation Amount.

(e) *Publication*

The Calculation Agent will cause each Subsequent Interest Rate determined by it to be notified to the Issuer, the Paying Agents, the Trustee and the competent authority and/or stock exchange by which the Securities have then been admitted to listing and/or trading as soon as possible after such determination but in any event not later than the Reset Date. Notice thereof shall also be given to the Holders by the Calculation Agent in accordance with Condition 16 (*Notices*) as soon as possible after the determination thereof.

(f) *Notifications etc.*

All notifications, opinions, communications, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 3 (*Interest*) by the Calculation Agent will (in the absence of manifest error) be final and binding on the Issuer, the Trustee, the Paying Agents and the Holders. No Holder shall be entitled to proceed against the Calculation Agent, the Trustee, the Paying Agents or any of them in connection with the exercise or non-exercise by them of their powers, duties and discretions hereunder, including without limitation in respect of any notification, opinion, determination, certificate, calculation, quotation or decision given, expressed or made for the purposes of this Condition 3 (*Interest*).

The Calculation Agent shall not be responsible to the Issuer, the Holders or any third party for any failure of the Reference Government Bond Dealers to provide quotations as requested of them or as a result of the Calculation Agent having acted on any quotation or other information given by any Reference Government Bond Dealer which subsequently may be found to be incorrect or inaccurate in any way.

#### 4. **Interest Cancellation**

(a) *Interest payments discretionary*

Interest on the Securities is due and payable only at the sole discretion of the Issuer, and the Issuer shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. If the Issuer does not make an interest payment on the relevant Interest Payment Date (or if the Issuer elects to make a payment of a portion, but not all, of such

interest payment), such non-payment shall evidence the Issuer's exercise of its discretion to cancel such interest payment (or the portion of such interest payment not paid), and accordingly such interest payment (or the portion thereof not paid) shall not be due and payable.

If the Issuer provides notice to cancel a portion, but not all, of an interest payment and the Issuer subsequently does not make a payment of the remaining portion of such interest payment on the relevant Interest Payment Date, such non-payment shall evidence the Issuer's exercise of its discretion to cancel such remaining portion of the interest payment, and accordingly such remaining portion of the interest payment shall also not be due and payable.

(b) *Restriction on interest payments*

(i) Subject to the extent permitted in paragraph (b)(ii) below, the Issuer shall not make an interest payment on the Securities on any Interest Payment Date (and such interest payment shall therefore be deemed to have been cancelled and thus shall not be due and payable on such Interest Payment Date) if:

(A) the Issuer has an amount of Distributable Items on such Interest Payment Date that is less than the sum of (i) all distributions or interest payments made or declared by the Issuer since the end of the last financial year and prior to such Interest Payment Date on or in respect of any Parity Securities, the Securities and any Junior Securities and (ii) all distributions or interest payments payable by the Issuer (and not cancelled or deemed cancelled) on such Interest Payment Date (x) on the Securities and (y) on or in respect of any Parity Securities, in the case of each of (i) and (ii), excluding any payments already accounted for in determining the Distributable Items; or

(B) the Solvency Condition is not satisfied in respect of such interest payment.

(ii) The Issuer may, in its sole discretion, elect to make a partial interest payment on the Securities on any Interest Payment Date, only to the extent that such partial interest payment may be made without breaching the restrictions set out in paragraph (b)(i) above.

The Issuer shall be responsible for determining compliance with this paragraph (b) (*Restriction on interest payments*) and neither the Trustee nor any Agent shall be required to monitor such compliance or to perform any calculations in connection therewith.

(c) *Agreement to interest cancellation*

By subscribing for, purchasing or otherwise acquiring the Securities, Holders acknowledge and agree that:

(i) interest is payable solely at the discretion of the Issuer, and no amount of interest shall become due and payable in respect of the relevant interest period to the extent that it has been (x) cancelled (in whole or in part) by the Issuer at its sole discretion and/or (y) deemed cancelled (in whole or in part) as a result of the Issuer having insufficient Distributable Items or failing to satisfy the Solvency Condition; and

(ii) a cancellation or deemed cancellation of interest (in each case, in whole or in part) in accordance with these Conditions shall not constitute a default in payment or otherwise under the terms of the Securities.

(d) *Effect of interest cancellation*

Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled or deemed cancelled in accordance with paragraph (a) (*Interest payments*)

*discretionary*) and paragraph (b) (*Restriction on interest payments*) above. Any interest cancelled or deemed cancelled (in each case, in whole or in part) in such circumstances shall not be due and shall not accumulate or be payable at any time thereafter, and Holders shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation or deemed cancellation. The Issuer may use such cancelled payments without restriction to meet its obligations as they fall due.

(e) *Notice of interest cancellation*

The Issuer shall provide notice of any cancellation or deemed cancellation of interest (in whole or in part) to the Holders in accordance with Condition 16 (*Notices*) and to the Trustee and the Principal Paying Agent as soon as possible. If practicable, the Issuer shall endeavour to provide such notice at least five business days prior to the relevant Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation or deemed cancellation of interest, or give Holders any rights as a result of such failure.

5. **Redemption and Purchase**

(a) *No fixed redemption date*

The Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 1(b) (*Form, Denomination and Status - Status*) and Condition 10 (*Enforcement Events and Remedies*) and without prejudice to the provisions of Condition 11 (*Prescription*)) only have the right to redeem or repurchase the Securities in accordance with the following provisions of this Condition 5 (*Redemption and Purchase*).

(b) *Issuer's call option*

Subject to paragraph (e) (*Conditions to redemption*) below, the Issuer may, at its option, redeem the Securities, in whole but not in part, on any day falling in the period commencing on (and including) 15 September 2027 and ending on (and including) the First Reset Date or on any subsequent Reset Date at 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.

(c) *Redemption for Regulatory Event*

Subject to paragraph (e) (*Conditions to redemption*) below, if there is a change in the regulatory classification of the Securities that occurs on or after the Issue Date and that does, or would be likely to, result in the whole or any part of the outstanding aggregate principal amount of the Securities at any time being excluded from, or ceasing to count towards, the Group's Tier 1 Capital (a "**Regulatory Event**"), the Issuer may, at its option, at any time redeem the Securities, in whole but not in part, at a redemption price equal to 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption.

(d) *Redemption for Tax Event*

Subject to paragraph (e) (*Conditions to redemption*) below, the Securities may be redeemed at the option of the Issuer, in whole but not in part, at any time at a redemption price of 100 per cent. of their principal amount, together with any accrued but unpaid interest (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)) to (but excluding) the date fixed for redemption, if the Issuer determines that as a result of a change in, or amendment to, the laws or regulations of a Taxing Jurisdiction, including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application of those laws or regulations, including a decision of any court or tribunal, which becomes effective on or after the Issue



Date (or which becomes effective on or after the date of a Successor Entity's assumption of the Issuer's obligations):

- (i) the Issuer will or would be required to pay Holders Additional Amounts;
- (ii) the Issuer would not be entitled to claim a deduction in respect of any payments in respect of the Securities in computing its taxation liabilities or the value of the deduction would be materially reduced;
- (iii) the Issuer would not, as a result of the Securities being in issue, be able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which the Issuer is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date or any similar system or systems having like effect as may from time to time exist);
- (iv) the Issuer would, in the future, have to bring into account a taxable credit if the principal amount of the Securities were written down or the Securities were converted into Conversion Shares; or
- (v) the Issuer will have to treat the Securities or any part thereof as a derivative or an embedded derivative for United Kingdom tax purposes,

(each such change in tax law or regulation or the official application thereof, a "**Tax Event**");

*provided that* in the case of each Tax Event, the consequences of the Tax Event cannot be avoided by the Issuer taking reasonable measures available to it.

(e) *Conditions to redemption*

- (i) *Consent*: Notwithstanding any other provision, the Issuer may redeem the Securities (and give notice thereof to the Holders) only if it has obtained the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations) for the redemption of the Securities.
- (ii) *Issuer's certificate on Tax Event*: in the case of a redemption in accordance with paragraph (d) (*Redemption for Tax Event*) above, prior to giving notice of redemption in accordance with paragraph (e)(iv) (*Notice of redemption*) below, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer following receipt of an opinion of a firm of independent legal advisers or accountants to the effect either that such a circumstance does exist or that, upon a change in or amendment to the laws or regulations of a Taxing Jurisdiction, including any treaty to which the relevant Taxing Jurisdiction is a party, or a change in an official application of those laws or regulations, which at the date of such certificate is proposed to be made and in the opinion of such firm and the Issuer (based on such opinion) is reasonably expected to become effective on or prior to the date when the relevant payment in respect of the Securities would otherwise be made, becoming so effective, such circumstances would exist. The Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the circumstances set out above and without further enquiry or liability for so doing, in which event it shall be conclusive and binding on the Holders.
- (iii) *Issuer's certificate on a Regulatory Event*: in the case of a redemption in accordance with paragraph (c) (*Redemption for Regulatory Event*) above, prior to giving notice of redemption in accordance with paragraph (e)(iv) (*Notice of redemption*) below, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the relevant circumstance referred to in paragraph (c) (*Redemption for Regulatory Event*) above does exist. Such certificate shall be treated by the Issuer, the Trustee, the Holders and all other interested parties as correct, conclusive and sufficient evidence thereof.

- (iv) *Notice of redemption:* Any redemption of the Securities shall be subject to the Issuer providing not less than 15 days' nor more than 60 days' prior notice to the Holders in accordance with Condition 16 (*Notices*) and to the Trustee and the Principal Paying Agent (such notice being irrevocable except in the limited circumstances set out in paragraphs (e)(v) (*Solvency Condition*) and (e)(vi) (*Capital Adequacy Trigger Event*) below) specifying the Issuer's election to redeem the Securities and the date fixed for such redemption. The Issuer shall not be entitled to deliver a notice of redemption after an Automatic Conversion Notice has been delivered.
- (v) *Solvency Condition:* If the Issuer has elected to redeem the Securities but the Solvency Condition is not satisfied in respect of the relevant redemption payment on the applicable redemption date, the relevant redemption notice shall be automatically rescinded and shall be of no force and effect and no payment of the redemption amount will be due and payable. The Issuer shall notify the Holders in accordance with Condition 16 (*Notices*) and the Trustee and the Principal Paying Agent of any such rescission as soon as practicable prior to, or, as the case may be, following, the applicable redemption date, provided however that failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such rescission.
- (vi) *Capital Adequacy Trigger Event:* If the Issuer has elected to redeem the Securities but prior to the payment of the redemption amount with respect to such redemption a Capital Adequacy Trigger Event occurs, the relevant notice of redemption shall be automatically rescinded and shall be of no force and effect, no payment of the redemption amount will be due and payable and an Automatic Conversion shall occur in accordance with Condition 8 (*Automatic Conversion*). The Issuer shall deliver an Automatic Conversion Notice in accordance with Condition 8 (*Automatic Conversion*).

(f) *Purchase*

The Issuer or any member of the Group may purchase or otherwise acquire any of the outstanding Securities at any price in the open market or otherwise in accordance with the Capital Regulations, and subject to the prior consent of the PRA and/or the Resolution Authority (in either case if such consent is then required by the Capital Regulations) and to applicable law and regulation.

(g) *Cancellation*

All Securities redeemed by the Issuer pursuant to this Condition 5 (*Redemption and Purchase*) shall be cancelled and may not be reissued or resold. All Securities purchased by or on behalf of the Issuer or any member of the Group may be held, reissued, resold and/or, at the option of the Issuer or any such member of the Group, surrendered for cancellation. Any Securities so surrendered for cancellation may not be reissued or resold.

(h) *Trustee Not Obligated to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 (*Redemption and Purchase*) and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has written notice of the occurrence of any event or circumstance within this Condition 5 (*Redemption and Purchase*), it shall be entitled to assume that no such event or circumstance exists.

*The rules under UK CRD prescribe certain conditions for the granting of permission by the competent authority (the PRA in this case) to a request by the Issuer to redeem or repurchase the Securities. In this respect, the UK CRD Regulation provides that the competent authority shall grant permission to redeem or repurchase the Securities, provided that either of the following conditions is met, as applicable to the Securities:*

- (1) *before or at the same time as such repurchase or redemption of the Securities, the Issuer replaces the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or*
- (2) *the Issuer has demonstrated to the satisfaction of the competent authority that the own funds and eligible liabilities of the Issuer would, following such repurchase or redemption, exceed the requirements laid down in UK CRD and the UK legislation that implemented Directive 2014/59/EU by a margin that the competent authority considers necessary.*

*In addition, the rules under the UK CRD Regulation provide that the competent authority may permit the Issuer to redeem or repurchase the Securities before five years after the date of issuance of the Securities, if the conditions listed in paragraphs (1) or (2) above and one of the following conditions are met:*

- (a) *in the case of redemption due to the occurrence of a Regulatory Event, (i) the competent authority considers such change to be sufficiently certain and (ii) the Issuer demonstrates to the satisfaction of the competent authority that the Regulatory Event was not reasonably foreseeable at the time of the issuance of the Securities;*
- (b) *in the case of redemption due to the occurrence of a Tax Event, the Issuer demonstrates to the satisfaction of the competent authority that such Tax Event is material and was not reasonably foreseeable at the time of issuance of the Securities;*
- (c) *before or at the same time as such repurchase or redemption of the Securities, the Issuer replaces the Securities with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer and the competent authority has permitted that action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances; or*
- (d) *the Securities are repurchased for market making purposes.*

*The rules under the UK CRD Regulation may be modified from time to time after the date of issuance of the Securities.*

## 6. **Payments**

### (a) *Principal*

Payments of principal shall be made by sterling cheque drawn on, or, upon application by a Holder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by the payee with a bank in London and (in the case of redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

### (b) *Interest*

Payments of interest shall be made by sterling cheque drawn on, or, upon application by a Holder to the Specified Office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by the payee with, a bank in London and (in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Certificates at the Specified Office of any Paying Agent.

### (c) *Payments subject to fiscal laws*

All payments in respect of the Securities are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, or other laws and regulations to which the Issuer or its Agents agree to be subject and, save as provided in Condition 7 (*Taxation*), neither the Issuer nor any of its Agents will be liable for any taxes or duties of whatever

nature imposed or levied by such laws, regulations or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(d) *Payments on Payment Business Days*

Subject to Conditions 4 (*Interest Cancellation*), 5 (*Redemption and Purchase*) and 8 (*Automatic Conversion*), where payment is to be made by transfer to a sterling account, payment instructions (for value the relevant Interest Payment Date or the date fixed for redemption, as the case may be, or, if such date is not a Payment Business Day, for value the next succeeding Payment Business Day (but no interest will accrue during the period from and after the Interest Payment Date or the date fixed for redemption, as the case may be)) will be initiated and, where payment is to be made by sterling cheque, the cheque will be mailed: (i) (in the case of payments of principal and interest payable on redemption) on the later of the date fixed for redemption and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of a Paying Agent; and (ii) (in the case of payments of interest payable other than on redemption) on the relevant Interest Payment Date. A Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from: (A) the date fixed for redemption or the relevant Interest Payment Date, as the case may be, not being a Payment Business Day; or (B) a cheque mailed in accordance with this Condition 6 (*Payments*) arriving after the due date for payment or being lost in the mail.

(e) *Partial payments*

If a Paying Agent makes a partial payment in respect of any Security, the Issuer shall procure that the amount and date of such payment are noted on the Register and, in the case of partial payment upon presentation of a Certificate, that a statement indicating the amount and the date of such payment is endorsed on the relevant Certificate.

(f) *Record Date*

Each payment in respect of a Security will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar's Specified Office on the fifteenth day before the relevant Interest Payment Date or the date fixed for redemption (if any), as the case may be (the "**Record Date**"). Where payment in respect of a Security is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

## 7. **Taxation**

All payments of principal and interest in respect of the Securities by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for, or on account of, any and all present or future income, stamp and other taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("**taxes**") now or hereafter imposed, levied, collected, withheld or assessed by, or on behalf of, the United Kingdom or any political subdivision or authority thereof or therein that has the power to tax (each, a "**Taxing Jurisdiction**"), unless the deduction or withholding is required by law. In that event, but subject to the restrictions referred to below, the Issuer shall pay such additional amounts (the "**Additional Amounts**") as will result in receipt by the Holders of such amounts after such withholding or deduction as would have been received by them had no such withholding or deduction been required. However, no such Additional Amounts shall be payable in respect of any Security where:

- (i) the Holder of the Securities is a domiciliary, national or resident of, or engages in business or maintains a permanent establishment or is physically present in a Taxing Jurisdiction requiring that deduction or withholding, or otherwise has some connection with the Taxing Jurisdiction other than the holding or ownership of the Security, or the collection of any payment of, or in respect of, the principal of, or any interest on, any Securities;
- (ii) except in the case of the Issuer's winding-up in England, the relevant Security is presented for payment in the United Kingdom;

- (iii) the relevant Security is presented for payment more than 30 days after the date payment became due or was provided for, whichever is later, except to the extent that the Holder would have been entitled to the Additional Amounts on presenting the Security for payment at the close of such 30-day period;
- (iv) the Holder of the relevant Securities or the beneficial owner of any payment of (or in respect of) principal of, or any interest on Securities failed to make any necessary claim or to comply with any certification, identification or other requirements concerning the nationality, residence, identity or connection with the Taxing Jurisdiction of such Holder or beneficial owner, if such claim or compliance is required by statute, treaty, regulation or administrative practice of the Taxing Jurisdiction as a condition to relief or exemption from such taxes; or
- (v) the taxes would not have been imposed or would have been excluded under one of the preceding points if the beneficial owner of, or person ultimately entitled to obtain an interest in, the Securities had been the Holder.

The restrictions on interest payment in Condition 4(b) (*Interest Cancellation – Restriction on interest payments*) shall apply to any Additional Amounts *mutatis mutandis*.

In these Conditions, any reference to principal or interest shall be deemed to include any Additional Amounts in respect of principal or interest (as the case may be) which are, were or would be payable under this Condition 7 (*Taxation*).

For the avoidance of doubt, any amounts to be paid by the Issuer on the Securities will be paid net of any deduction or withholding imposed or required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), any current or future regulations or official interpretations thereof, any agreement 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) (a "**FATCA Withholding Tax**"), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.

## 8. **Automatic Conversion**

### (a) *Automatic Conversion Upon Capital Adequacy Trigger Event*

- (i) *Automatic Conversion*: If a Capital Adequacy Trigger Event occurs, then an Automatic Conversion will occur on the Conversion Date at which point all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) shall be irrevocably and automatically released in consideration of the Issuer's issuance of the Conversion Shares to the Conversion Shares Depository on the Conversion Date at the Conversion Price, and under no circumstances shall such released obligations be reinstated. If the Issuer has been unable to appoint a Conversion Shares Depository, it shall make such other arrangements for the issuance and/or delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances, which may include issuing the Conversion Shares to another nominee or to the Holders directly, which issuance shall irrevocably and automatically release all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) as if the Conversion Shares had been issued to the Conversion Shares Depository.

A "**Capital Adequacy Trigger Event**" shall occur if at any time the fully loaded CET1 Ratio is less than 7.00 per cent. Whether a Capital Adequacy Trigger Event has occurred at any time shall be determined by the Issuer and such determination shall be binding on the Trustee and the Holders. The Automatic Conversion shall occur without delay upon the occurrence of a Capital Adequacy Trigger Event.

The Conversion Shares shall initially be registered in the name of the Conversion Shares Depository (which shall hold the Conversion Shares on behalf of the Holders) or the relevant recipient as contemplated above, and each Holder shall be deemed to have irrevocably directed the Issuer to issue the Conversion Shares corresponding to the conversion of its holding of Securities to the Conversion Shares Depository (or to such other relevant recipient).

- (ii) *Automatic Conversion Notice:* The Issuer shall immediately inform the PRA of the occurrence of a Capital Adequacy Trigger Event and shall deliver an Automatic Conversion Notice to the Holders in accordance with Condition 16 (*Notices*) and paragraph (b) (*Automatic Conversion Procedure*) below and to the Trustee and the Principal Paying Agent. On or (if reasonably practicable) prior to giving the Automatic Conversion Notice, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer stating that the Capital Adequacy Trigger Event has occurred and the Trustee shall be entitled to accept such certificate as sufficient evidence of the occurrence of such event, in which event such certificate shall be conclusive and binding on the Trustee and the Holders.
- (iii) *Effect of Automatic Conversion:* Following an Automatic Conversion, no Holder will have any rights against the Issuer with respect to the repayment of the principal amount of the Securities or the payment of interest or any other amount on or in respect of such Securities, which liabilities of the Issuer shall be irrevocably and automatically released and, accordingly, the principal amount of the Securities shall equal zero at all times thereafter. Any interest in respect of an interest period ending on any Interest Payment Date falling between the date of a Capital Adequacy Trigger Event and the Conversion Date shall be deemed to have been cancelled upon the occurrence of such Capital Adequacy Trigger Event and shall not be due and payable.

Following the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as contemplated above and as applicable) on the Conversion Date, the Securities shall remain in existence until the applicable Cancellation Date for the sole purpose of evidencing (a) the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository (or such other relevant recipient) and (b) the Issuer's CSO Obligations, if any.

- (iv) *No recourse to the Issuer:* Provided that the Issuer issues the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient as contemplated above) in accordance with these Conditions, with effect from the Conversion Date, Holders shall have recourse only to the Conversion Shares Depository (or to such other relevant recipient, as applicable) for the delivery to them of Conversion Shares or, if the Issuer elects that a Conversion Shares Offer be made pursuant to paragraph (d) (*Conversion Shares Offer*) below, of any Conversion Shares Offer Consideration to which such Holders are entitled.
- (v) *Agreement and waiver by the Holders:* Notwithstanding any other provision herein, by its subscription, purchase or other acquisition of the Securities, each Holder shall (i) agree to all the Conditions, including, without limitation, those related to (x) the occurrence of a Capital Adequacy Trigger Event and any related Automatic Conversion and (y) the appointment of the Conversion Shares Depository, the issuance of the Conversion Shares to the Conversion Shares Depository (or to the relevant recipient in accordance with these Conditions) and the potential sale of the Conversion Shares pursuant to a Conversion Shares Offer, (ii) agree that effective upon, and following, an Automatic Conversion, no amount shall be due and payable to the Holders under the Securities and the liability of the Issuer to pay any such amounts (including the principal amount of, or any interest in respect of, the Securities) shall be automatically released, and the Holders shall not have the right to give a direction to the Trustee with respect to the Capital Adequacy Trigger Event and any related Automatic Conversion and

(iii) waive any claims related to or arising out of or in connection with a Capital Adequacy Trigger Event and/or any Automatic Conversion.

(vi) *No option to convert:* The Securities are not convertible into Conversion Shares at the option of the Holders at any time.

(b) *Automatic Conversion Procedure*

If a Capital Adequacy Trigger Event has occurred, the Issuer shall deliver an Automatic Conversion Notice to the Trustee, the Principal Paying Agent and the Holders in accordance with Condition 16 (*Notices*) as soon as practicable after such time.

Notwithstanding Condition 16 (*Notices*), the Automatic Conversion Notice shall be deemed to have been given on the date on which it is dispatched to the Trustee and the Holders.

Within 10 business days following the Conversion Date, the Issuer shall deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*).

(c) *The Conversion Shares*

The number of Conversion Shares to be issued to the Conversion Shares Depository on the Conversion Date shall be determined by the Issuer by dividing the aggregate principal amount of the Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of Conversion Shares. Fractions of Conversion Shares will not be issued following an Automatic Conversion and no cash payment will be made in lieu thereof.

Upon Automatic Conversion on the Conversion Date, the number of Conversion Shares to be held by the Conversion Shares Depository for the benefit of each Holder shall be the number of Conversion Shares thus calculated multiplied by a fraction equal to the aggregate amount of the Authorised Denomination of the Securities held by such Holder divided by the aggregate amount of the Authorised Denomination of all Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date rounded down, if necessary, to the nearest whole number of Conversion Shares.

The Conversion Shares issued following an Automatic Conversion will be fully paid and non-assessable and will in all respects rank *pari passu* with the Issuer's fully paid ordinary shares in issue on the Conversion Date, except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Conversion Shares so issued will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, the entitlement to which falls prior to the Conversion Date.

The Conversion Shares Depository (or the relevant recipient in accordance with these Conditions, as applicable) shall hold the Conversion Shares on behalf of the Holders, who shall be entitled to direct (each in respect of their *pro rata* share of the Conversion Shares) the Conversion Shares Depository or such other recipient, as applicable, to exercise on their behalf all rights of an ordinary shareholder (including voting rights and rights to receive dividends), except that Holders shall not be able to sell or otherwise transfer the Conversion Shares until such time as they have been delivered to Holders in accordance with the procedures set forth in paragraph (e) (*Settlement Procedure*) below. A Holder's *pro rata* share of the Conversion Shares at any particular time shall be determined based on the aggregate amount of the Authorised Denomination of the Securities held by such Holder as a proportion of the aggregate amount of the Authorised Denomination of all Securities outstanding at the relevant time rounded down, if necessary, to the nearest whole number of Conversion Shares.

If a Qualifying Takeover Event shall have occurred, then, where the Conversion Date falls on or after the QTE Effective Date, Approved Entity Shares of the Approved Entity shall be issued to the Conversion Shares Depository on the Conversion Date instead of

Conversion Shares, in accordance with Condition 9(e) (*Adjustments to the Conversion Price – Qualifying Takeover Event*).

The Conversion Shares or the Conversion Shares Offer Consideration, as the case may be, will be delivered to Holders pursuant to the procedures set forth in paragraph (e) (*Settlement Procedure*) below.

(d) *Conversion Shares Offer*

No later than 10 business days following the Conversion Date, the Issuer may, in its sole and absolute discretion, elect that the Conversion Shares Depository make an offer of all or some of the Conversion Shares to all or some of the Issuer's ordinary shareholders at such time at a cash price per Conversion Share equal to the Conversion Price, subject as provided below (the "**Conversion Shares Offer**"). The Issuer may, on behalf of the Conversion Shares Depository, appoint a Conversion Shares Offer Agent to act as placement or other agent to facilitate the Conversion Shares Offer.

The Issuer will deliver a Conversion Shares Offer Notice to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*) within 10 business days following the Conversion Date specifying whether or not it has elected that a Conversion Shares Offer be conducted. If so elected, the Conversion Shares Offer Period, during which the Conversion Shares Offer may be made, shall end no later than 40 business days after the giving by the Issuer of the Conversion Shares Offer Notice.

Any Conversion Shares Offer shall be made subject to applicable laws and regulations in effect at the relevant time and shall be conducted, if at all, only to the extent that the Issuer, in its sole and absolute discretion, determines that the Conversion Shares Offer is practicable. The Issuer or the purchasers of the Conversion Shares sold in any Conversion Shares Offer shall bear the costs and expenses of any Conversion Shares Offer (other than the taxes referred to in the definition of Conversion Shares Offer Consideration), including the fees of the Conversion Shares Offer Agent, if any. If a prospectus or other offering document is required to be prepared in connection with a Conversion Shares Offer, the Issuer will facilitate the preparation of such prospectus or other offering document, and the Issuer and/or its directors will take responsibility for such prospectus or other offering document, in each case, if and to the extent then required by applicable laws and regulations then in effect. In addition, if so requested by the Conversion Shares Depository as offeror, the Issuer shall indemnify the Conversion Shares Depository for any losses incurred in connection with any Conversion Shares Offer.

Upon completion of the Conversion Shares Offer, the Issuer or the Conversion Shares Depository will provide notice to the Trustee and the Holders in accordance with Condition 16 (*Notices*) of the composition of the Conversion Shares Offer Consideration (and of the deductions to the cash component, if any, of the Conversion Shares Offer Consideration (as set out in the definition of Conversion Shares Offer Consideration)) per Calculation Amount.

The Issuer reserves the right, in its sole and absolute discretion, to terminate the Conversion Shares Offer at any time during the Conversion Shares Offer Period by providing at least three business days' notice to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*), and, if it does so, the Issuer may, in its sole and absolute discretion, take steps (including changing the Suspension Date) to deliver to Holders the Conversion Shares at a time that is earlier than the time at which they would have otherwise received the Conversion Shares Offer Consideration had the Conversion Shares Offer been completed.

By its subscription for, purchase or other acquisition of the Securities, each Holder acknowledges and agrees that if the Issuer elects, in its sole and absolute discretion, that a Conversion Shares Offer be conducted by the Conversion Shares Depository such Holder shall be deemed to have: (i) irrevocably consented to any Conversion Shares Offer and to the Conversion Shares Depository using the Conversion Shares to settle any Conversion Shares Offer in accordance with these Conditions, (ii) consented to the transfer of the



beneficial interest it holds in the Conversion Shares to the Conversion Shares Depository in connection with the Conversion Shares Offer in accordance with these Conditions, (iii) irrevocably agreed that the Issuer, the Conversion Shares Depository and the Conversion Shares Offer Agent, if any, may take any and all actions necessary to conduct the Conversion Shares Offer in accordance with these Conditions, and (iv) agreed that none of the Issuer, the Trustee, the Conversion Shares Depository, if any, or the Conversion Shares Offer Agent, if any, shall, to the extent permitted by applicable law, incur any liability to the Holders in respect of the Conversion Shares Offer (except for the obligations of the Conversion Shares Depository in respect of the Holders' entitlement to any Conversion Shares Offer Consideration).

Neither the occurrence of a Capital Adequacy Trigger Event nor, following the occurrence of a Capital Adequacy Trigger Event, the election (if any) by the Issuer to undertake a Conversion Shares Offer on the terms set out herein, shall preclude the Issuer from undertaking a rights issue at any time on such terms as the Issuer deems appropriate, at its sole discretion, including, for the avoidance of doubt, the offer of ordinary shares at or below the Conversion Price.

(e) *Settlement Procedure*

Delivery of the Conversion Shares or Conversion Shares Offer Consideration, as applicable, to the Holders will be made in accordance with the following procedures:

- (i) *Conversion Shares in uncertificated form:* the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will be delivered to Holders in uncertificated form through the dematerialised securities trading system operated by Euroclear U.K. & Ireland Limited, known as CREST, unless the Conversion Shares are not a participating security in CREST at the relevant time, in which case the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will either be delivered in the form of the relevant clearing system in which the Conversion Shares are a participating security or in certificated form, as notified by the Issuer to the Holders in accordance with Condition 16 (*Notices*). Where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered through CREST or such other clearing system in which such Conversion Shares are a participating security, they will be delivered to the account specified by the relevant Holder in the relevant Conversion Shares Settlement Notice.
- (ii) *Conversion Shares in certificated form:* where the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are to be delivered in certificated form, the name of the relevant Holder (or its nominee) will be entered in the Issuer's share register and a certificate in respect thereof will be dispatched by mail free of charge to the relevant Holder or as it may direct in the relevant Conversion Shares Settlement Notice.
- (iii) *Cash component:* the cash component, if any, of any Conversion Shares Offer Consideration will be paid to the Holders by: (A) sterling cheque drawn on a bank in London and mailed to their address shown on the Register on or around the date on which the Conversion Shares Offer Period ends; or (B) if the relevant Conversion Shares Settlement Notice is delivered to the Conversion Shares Depository before the end of the Conversion Shares Offer Period, by transfer on or around the date on which the Conversion Shares Offer Period ends to such sterling account maintained by the payee with a bank in London as the Holder may direct in such notice provided that such notice is delivered to the Conversion Shares Depository before the end of the Conversion Shares Offer Period.
- (iv) *Clearance Services:* the Conversion Shares (and the Conversion Share component, if any, of any Conversion Shares Offer Consideration) will not be available for delivery: (A) to, or to a nominee for, either of the Clearing Systems or any other

person providing a clearance service within the meaning of Section 96 of the Finance Act 1986 of the United Kingdom; or (B) to a person, or nominee or agent for a person, whose business is or includes issuing depository receipts within the meaning of Section 93 of the Finance Act 1986 of the United Kingdom, in each case at any time prior to the "abolition day" as defined in Section 111(1) of the Finance Act 1990 of the United Kingdom, or, if earlier, such other time at which the Issuer, in its absolute discretion, determines that no charge under Section 67, 70, 93 or 96 of the Finance Act 1986 or any similar charge (under any successor legislation) would arise as a result of such delivery; or (C) to the CREST account of such a person mentioned in (A) or (B).

- (v) *Taxes*: neither the Issuer, nor any member of the Group shall be liable for any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the delivery of Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration), which tax shall be borne solely by the Holder or, if different, the person to whom the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) are delivered.
  - (vi) *Suspension Date*: the Conversion Shares Offer Notice shall specify the Suspension Date. On the Suspension Date, the Issuer shall deliver a Conversion Shares Settlement Request Notice to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*). Such notice shall request that Holders complete a Conversion Shares Settlement Notice and shall specify the Notice Cut-off Date and the Final Cancellation Date.
  - (vii) *Conversion Shares Settlement Notice*: in order to obtain delivery of the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable, a Holder must deliver its Conversion Shares Settlement Notice to the Conversion Shares Depository on or before the Notice Cut-off Date. If such delivery is made after the end of normal business hours at the specified office of the Conversion Shares Depository, such delivery shall be deemed for all purposes to have been made or given on the next following business day. The Conversion Shares Settlement Notice must be delivered to the specified office of the Conversion Shares Depository together with the relevant Securities.
- Each Conversion Shares Settlement Notice shall be irrevocable. Failure to properly complete and deliver a Conversion Shares Settlement Notice and the relevant Securities, if applicable, may result in such notice being treated by the Conversion Shares Depository as null and void. Any determination as to whether any Conversion Shares Settlement Notice has been properly completed and delivered shall be made by the Conversion Shares Depository in its sole and absolute discretion and shall be conclusive and binding on the relevant holder.
- (viii) *Delivery of Conversion Shares on the Settlement Date*: Subject as provided herein and provided the Conversion Shares Settlement Notice and the relevant Securities, if applicable, are delivered on or before the Notice Cut-off Date, the Conversion Shares Depository shall deliver the relevant Conversion Shares (rounded down to the nearest whole number of Conversion Shares) or Conversion Share component, if any, of any Conversion Shares Offer Consideration (rounded down to the nearest whole number of Conversion Shares), as applicable, to the Holder of the relevant Securities completing the relevant Conversion Shares Settlement Notice or its nominee in accordance with the instructions given in such Conversion Shares Settlement Notice on the applicable Settlement Date.
  - (ix) *Failure to deliver a Conversion Shares Settlement Notice*: if a Conversion Shares Settlement Notice and the relevant Securities, if applicable, are not delivered to the Conversion Shares Depository on or before the Notice Cut-off Date, then the Conversion Shares Depository shall continue to hold the relevant Conversion

Shares (or Conversion Share component, if any, of any Conversion Shares Offer Consideration) until a Conversion Shares Settlement Notice (and the relevant Securities, if applicable) is so delivered. However, the relevant Securities shall be cancelled on the Final Cancellation Date and any Holder delivering a Conversion Shares Settlement Notice after the Notice Cut-off Date will have to provide evidence of its entitlement to the relevant Conversion Shares (or the relevant Conversion Shares component, if any, of any Conversion Shares Offer Consideration) satisfactory to the Conversion Shares Depository in its sole and absolute discretion in order to receive delivery of such Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration).

The Issuer shall have no liability to any Holder for any loss resulting from such Holder not receiving any Conversion Shares (or Conversion Share component of any Conversion Shares Offer Consideration) or from any delay in the receipt thereof, in each case as a result of such holder failing to duly submit a Conversion Shares Settlement Notice and the relevant Securities, if applicable, on a timely basis or at all.

(f) *Trustee not responsible for Conversion Shares or Conversion Shares Depository*

The Trustee shall not be responsible for implementing or monitoring any Conversion Shares Offer, nor for monitoring or enforcing the obligations of the Conversion Shares Depository in respect thereof. Following Automatic Conversion and delivery of the Conversion Shares to the Conversion Shares Depository, Holders must look to the Conversion Shares Depository (or such other recipient of the Conversion Shares, as set out above) for any Conversion Shares or Conversion Shares Offer Consideration due to them at the relevant time.

9. **Adjustments to the Conversion Price**

(a) *Adjustments to the Conversion Price*

Upon the occurrence of any of the events set out below, the Conversion Price shall be adjusted as follows:

- (i) *Alteration to nominal value:* If and whenever there shall be a consolidation, reclassification or subdivision in relation to the ordinary shares of the Issuer, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such consolidation, reclassification or subdivision by the following fraction:

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

where:

A is the aggregate number of ordinary shares of the Issuer in issue immediately before such consolidation, reclassification or subdivision, as the case may be; and

B is the aggregate number of ordinary shares of the Issuer in issue immediately after, and as a result of, such consolidation, reclassification or subdivision, as the case may be.

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

- (ii) *Bonus issue:* If and whenever the Issuer shall issue any ordinary shares credited as fully paid to the Issuer's shareholders as a class by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve) other than (1) where any such ordinary shares are or are to be issued instead of the whole or part of a Cash Dividend which the Issuer's shareholders

would or could otherwise have elected to receive, (2) where the Issuer's shareholders may elect to receive a Cash Dividend in lieu of such ordinary shares or (3) where any such ordinary shares are or are expressed to be issued in lieu of a dividend (whether or not a Cash Dividend equivalent or amount is announced or would otherwise be payable to the Issuer's shareholders, whether at their election or otherwise), the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to such issue by the following fraction:

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

where:

- A is the aggregate number of ordinary shares of the Issuer in issue immediately before such issue; and
- B is the aggregate number of ordinary shares of the Issuer in issue immediately after such issue.

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

- (iii) *Rights issues*: If and whenever the Issuer shall issue any ordinary shares to all or substantially all of the Issuer's shareholders as a class by way of rights at a price per ordinary share which is less than 95 per cent. of the Current Market Price per ordinary share on the Effective Date, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

$$\frac{A + B}{A + C}$$

where:

- A is the aggregate number of ordinary shares of the Issuer in issue on the Effective Date;
- B is the aggregate number of ordinary shares of the Issuer that the aggregate consideration (if any) receivable for the ordinary shares issued by way of rights would purchase at such Current Market Price per ordinary share on the Effective Date; and
- C is the number of ordinary shares to be issued.

Such adjustment shall become effective on the Effective Date.

For the purpose of any calculation of the consideration receivable or price pursuant to this paragraph (a)(iii) (*Rights issues*), the following provisions shall apply:

- (1) the aggregate consideration receivable or price for ordinary shares issued for cash shall be the amount of such cash;
- (2) if the consideration or price determined pursuant to (1) above (or any component thereof) shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date;
- (3) in determining the consideration or price pursuant to the above, no deduction shall be made for any commissions or fees (howsoever described) or any expenses paid or incurred for any underwriting, placing

or management of the issue of the relevant ordinary shares or otherwise in connection therewith;

- (4) the consideration or price shall be determined as provided in (1)-(3) above on the basis of the consideration or price received, receivable, paid or payable, regardless of whether all or part thereof is received, receivable, paid or payable by or to the Issuer or another entity; and
  - (5) references herein to "cash" shall be construed as cash consideration within the meaning of Section 583(3) of the Companies Act.
- (iv) *Extraordinary Dividend*: If and whenever the Issuer shall pay any Extraordinary Dividend to shareholders of the Issuer as a class, the Conversion Price shall be adjusted by multiplying the Conversion Price in effect immediately prior to the Effective Date by the following fraction:

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

where:

- A is the Current Market Price of one ordinary share on the Effective Date; and
- B is the portion of the aggregate Extraordinary Dividend attributable to one ordinary share, with such portion being determined by dividing the aggregate Extraordinary Dividend by the number of ordinary shares entitled to receive the relevant Extraordinary Dividend. If the Extraordinary Dividend shall be expressed in a currency other than the Relevant Currency, it shall be converted into the Relevant Currency at the Prevailing Rate on the relevant Effective Date.

Such adjustment shall become effective on the Effective Date.

Notwithstanding the foregoing provisions:

- (A) where the events or circumstances giving rise to any adjustment pursuant to this section 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 that have already given or will give rise to an adjustment to the Conversion Price or where more than one event that gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
- (B) such modification shall be made to the operation of these Conditions as may be determined in good faith by an Independent Financial 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;
- (C) for the avoidance of doubt, the issue of ordinary shares following an Automatic Conversion or upon any conversion or exchange or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price;
- (D) in respect of any adjustment pursuant to paragraphs (a)(i) (*Alteration to nominal value*) to (a)(iii) (*Rights issues*) above, such adjustment shall be

made only up to the extent it does not result in a Conversion Price that, if applied to the number of relevant Securities at the time of such adjustment, would result in a number of Conversion Shares that constitutes a greater proportion of Conversion Shares as a percentage of the total number of ordinary shares issued had the adjustment not been made nor had the corporate event occurred; and

- (E) in respect of any adjustment pursuant to paragraph (a)(iv) (*Extraordinary Dividend*) above, such adjustment shall be made only up to the extent it does not result in a Conversion Price that, if applied to the number of relevant Securities at the time of such adjustment, would result in the issue of an additional number of Conversion Shares having a value that is greater than the value of the aggregate Extraordinary Dividend which would be attributable to the ordinary shares underlying the Securities had such ordinary shares been issued.

(b) *No Retroactive Adjustments*

The Issuer shall not issue any additional Conversion Shares if the Automatic Conversion occurs after the record date in respect of any consolidation, reclassification or subdivision as is mentioned in sub-paragraph (i) (*Alteration to nominal value*) of paragraph (a) (*Adjustments to the Conversion Price*) above, or after the record date or other due date for the establishment of entitlement for any such issue, distribution, grant or offer (as the case may be) as is mentioned in sub-paragraphs (ii) (*Bonus issue*), (iii) (*Rights issues*) or (iv) (*Extraordinary Dividend*) of paragraph (a) (*Adjustments to the Conversion Price*) above, but before the relevant adjustment to the Conversion Price becomes effective under such section.

(c) *Decision of an Independent Financial 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 such Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Trustee and the Holders, save in the case of manifest error.

(d) *Rounding Down and Notice of Adjustment to the Conversion Price*

On any adjustment to the Conversion Price pursuant to this Condition 9 (*Adjustments to the Conversion Price*), if the resultant Conversion Price is a number with more decimal places than the initial Conversion Price, that number shall be rounded to the same number of decimal places as the initial Conversion Price. 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 Issuer to the Trustee and to the Holders in accordance with Condition 16 (*Notices*) promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the nominal value of the ordinary shares.

(e) *Qualifying Takeover Event*

Within 10 business days following the occurrence of a Takeover Event, the Issuer shall give notice thereof to the Trustee and to the Holders by means of a Takeover Event Notice.

If the Takeover Event is a Qualifying Takeover Event, the Securities shall, where the Conversion Date falls on or after the QTE Effective Date, be converted into or exchanged for Approved Entity Shares of the Approved Entity, *mutatis mutandis* as provided in Condition 8 (*Automatic Conversion*), at a Conversion Price that shall initially be the New Conversion Price, which may be higher or lower than the Conversion Price and references herein to "Conversion Shares" shall be deemed to be references to "Approved Entity Shares".

The New Conversion Price shall be subject to adjustment in the circumstances provided for in this Condition 9 (*Adjustments to the Conversion Price*) (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate and references to "ordinary shares" shall be read as references to "Approved Entity Shares"), and the Issuer shall give notice to the Trustee and to the Holders in accordance with Condition 16 (*Notices*) of the New Conversion Price and of any such modifications and amendments thereafter.

In the case of a Qualifying Takeover Event:

- (i) the Issuer shall, to the extent permitted by applicable law and regulation, on or prior to the QTE Effective Date, enter into such agreements and arrangements (which may include a supplemental trust deed and amendments and modifications to these Conditions and the Trust Deed) as may be required to ensure that, with effect from the QTE Effective Date, the Securities shall be convertible into, or exchangeable for, Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, the provisions in Condition 8 (*Automatic Conversion*) (as may be so supplemented, amended or modified), at the New Conversion Price and any references to the Conversion Price shall be construed as references to the New Conversion Price; and
- (ii) upon the occurrence of a Capital Adequacy Trigger Event where the Conversion Date falls on or after the QTE Effective Date, the Issuer shall procure (to the extent within its control) the issue of the relevant number of Approved Entity Shares *mutatis mutandis* in the manner provided in Condition 8 (*Automatic Conversion*), as may be amended or modified as provided above.

The Trustee shall be obliged (at the expense of the Issuer) to concur with the Issuer in making any such amendments and modifications to the Trust Deed and these Conditions, and to execute any such deeds supplemental to the Trust Deed, provided that the Trustee shall not be bound to do so if any such amendments, modifications or deeds would, in the opinion of the Trustee, have the effect of (i) exposing the Trustee to any liability against which it is not indemnified and/or secured and/or pre-funded to its satisfaction, (ii) changing, increasing or adding to the obligations or duties of the Trustee or (iii) removing or amending any protection or indemnity afforded to, or any other provision in favour of, the Trustee under the Trust Deed, the Conditions and/or the Securities.

For the avoidance of doubt, if a Takeover Event is not a Qualifying Takeover Event (including if that is because the Acquirer is a Governmental Entity), there is no provision for any automatic adjustment to these Conditions, whether in the manner provided for above in respect of Qualifying Takeover Events, or at all, and therefore Condition 8(a) (*Automatic Conversion – Automatic Conversion Upon Capital Adequacy Trigger Event*) shall continue to apply and "Conversion Shares" will continue to have the meaning set out in Condition 19(a) (*Interpretation – Definitions*) below.

#### 10. **Enforcement Events and Remedies**

(a) *Winding-up*

If a Winding-up Event occurs before the occurrence of a Capital Adequacy Trigger Event, subject to Condition 1(b) (*Form, Denomination and Status – Status*), the outstanding principal amount of the Securities will become immediately due and payable.

A "**Winding-up Event**" with respect to the Securities shall result if (i) a court of competent jurisdiction in England (or such other jurisdiction in which the Issuer may be organised) makes an order for the winding-up of the Issuer which is not successfully appealed within 30 days of the making of such order, (ii) the shareholders of the Issuer adopt an effective resolution for the winding-up of the Issuer (other than, in the case of either (i) or (ii) above, under or in connection with a scheme of reconstruction, merger or amalgamation not involving a bankruptcy or insolvency) or (iii) following the appointment of an administrator of the Issuer, the administrator gives notice that it intends to declare and distribute a dividend.

(b) *Non-payment*

If the Issuer fails to pay any amount that has become due and payable under the Securities and such failure continues for 14 days, the Trustee may give the Issuer written notice of such failure. If within a period of 14 days following the provision of such notice, the failure continues and has not been cured nor waived, the Trustee may, at its discretion and without further notice to the Issuer, institute proceedings in England (or such other jurisdiction in which the Issuer may be organised) (but not elsewhere) for its winding-up and/or prove in its winding-up and/or claim in its liquidation or administration.

No interest will be due and payable if such interest has been cancelled or is deemed cancelled (in each case, in whole or in part) as provided in Condition 4 (*Interest Cancellation*). Accordingly, no default in payment under the Securities will have occurred or be deemed to have occurred in such circumstances.

(c) *Limited remedies for breach of obligations (other than non-payment)*

In addition to the remedies for non-payment provided above, the Trustee may, without further notice, institute such proceedings against the Issuer as the Trustee may think fit to enforce any term, obligation or condition binding on the Issuer under the Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Securities or the Trust Deed, including, without limitation, payment of any principal or interest (including any Additional Amounts), excluding any amount due to the Trustee in respect of its fees and/or expenses); provided always that the Trustee (acting on behalf of the Holders) and the Holders may not enforce, and may not be entitled to enforce or otherwise claim, against the Issuer any judgement or other award given in such proceedings that requires the payment of money by the Issuer, whether by way of damages or otherwise (a "**Monetary Judgment**"), except by proving such Monetary Judgment in a winding-up of the Issuer and/or by claiming such Monetary Judgment in an administration of the Issuer.

(d) *Enforcement*

The Trustee shall not be bound to take any of the actions referred to in paragraph (b) (*Non-payment*) or (c) (*Limited remedies for breach of obligations (other than non-payment)*) above against the Issuer to enforce the terms of the Trust Deed or the Securities unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders or in writing by the Holders of at least one quarter of the aggregate principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or pre-funded and/or secured to its satisfaction.

No Holder shall be entitled to institute any of the proceedings referred to in paragraph (b) (*Non-payment*) or (c) (*Limited remedies for breach of obligations (other than non-payment)*) above or to prove in the winding-up of the Issuer and/or claim in an administration of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so within a reasonable period and such failure shall be continuing, then any such Holder may institute such proceedings and/or prove in such winding-up and/or claim in such administration to the same extent (but not further or otherwise) than the Trustee would have been entitled so to do in respect of such Holder's Securities.



(e) *No other remedies*

Other than the limited remedies specified in this Condition 10 (*Enforcement Events and Remedies*) or proving in the winding-up of the Issuer and/or claiming in an administration of the Issuer, no remedy against the Issuer shall be available to the Trustee or the Holders whether for the recovery of amounts owing in respect of the Securities or under the Trust Deed in relation thereto or in respect of any breach by the Issuer of any of its other obligations under or in respect of such Securities or under the Trust Deed in relation thereto.

11. **Prescription**

Claims arising, to the extent permitted under these Conditions, for principal and interest on redemption shall become void unless the relevant Certificates are surrendered for payment within ten years of the appropriate Relevant Date.

12. **Replacement of Certificates**

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

13. **Trustee and Agents**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Holders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction, (ii) provisions limiting or excluding its liability in certain circumstances and (iii) provisions entitling it to payment of its fees, costs and expenses in priority to the claims of the Holders. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (A) to evaluate its risk in any given circumstance by considering the worst-case scenario and (B) to require that any indemnity or security given to it by the Holders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Holders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

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

In acting under the Agency Agreement and in connection with the Securities, the Agents act solely as agents of the Issuer and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Holders.

The initial Agents and their initial Specified Offices are listed below. The Issuer reserves the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any

Agent and to appoint a successor registrar or principal paying agent and additional or successor paying agents and transfer agents; provided, however, that the Issuer shall at all times maintain (a) a principal paying agent and a registrar, and (b) a calculation agent.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Holders.

14. **Meetings of Holders; Modification and Waiver; Substitution**

(a) *Meetings of Holders*

The Trust Deed contains provisions for convening meetings of Holders to consider any matter relating to the Securities, including the modification of any provision of these Conditions or the Trust Deed. Subject as provided in paragraph (c) (*PRA notice or consent*) below, any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer or by the Trustee and shall be convened by the Trustee upon the request in writing of Holders holding not less than one-tenth of the aggregate principal amount of the outstanding Securities. The quorum at any meeting convened to vote on an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority of the aggregate principal amount of the outstanding Securities or, at any adjourned meeting, one or more persons being or representing Holders whatever the principal amount of the Securities held or represented; provided, however, that certain proposals (including any proposal to change any Interest Payment Date or any optional redemption date, to change the rate of interest payable in respect of the Securities, to reduce the principal amount of the Securities, to alter, except where such modification is in the opinion of the Trustee bound to result in an increase, the method of calculating of any interest in respect of the Securities, to change the currency of payments under the Securities, to modify the provisions of Condition 1(b) (*Form, Denomination and Status – Status*), to modify the provisions of Condition 8 (*Automatic Conversion*) and/or Condition 9 (*Adjustments to the Conversion Price*) (other than pursuant to or as a result of any amendment to these Conditions and the Trust Deed made pursuant to and in accordance with Condition 9(e) (*Adjustment to the Conversion Price – Qualifying Takeover Event*)) or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**") may only be sanctioned by an Extraordinary Resolution passed at a meeting of Holders at which one or more persons holding or representing not less than two-thirds or, at any adjourned meeting, one-third of the aggregate principal amount of the outstanding Securities form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Holders, whether present or not.

Any such meeting of the Holders may be convened at a physical location, or use such other method (which may include, without limitation, a conference call or video conference) as the Trustee may determine in accordance with the provisions of the Trust Deed.

In addition, a resolution in writing signed by or on behalf of the Holders of at least 75 per cent. of the aggregate principal amount of the outstanding Securities will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) *Modification and waiver*

Subject as provided in paragraph (c) (*PRA notice or consent*) below, the Trustee may, without the consent of the Holders, agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) if, in the opinion of the Trustee, such modification is not materially prejudicial to the interests of Holders and to any modification of the Securities or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may, without the consent of the Holders, authorise or waive any proposed breach or breach of the Securities or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved

Matter) if, in the opinion of the Trustee, the interests of the Holders are not materially prejudiced thereby.

In addition, the Trustee may determine, without the consent of the Holders (except as set out in the Trust Deed), that any Default shall not be treated as such for the purpose of the Trust Deed and the Securities if, in the opinion of the Trustee, the interests of the Holders are not materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver, determination or modification shall be notified to the Holders as soon as practicable thereafter.

(c) *PRA notice or consent*

These Conditions and the Trust Deed shall only be capable of modification or waiver and the Issuer may only be substituted in accordance with paragraph (d) (*Substitution*) below, if the Issuer has notified the PRA of such modification, waiver or substitution or obtained the prior consent of the PRA, as the case may be, (if such notice or consent is then required by the Capital Regulations). If the Trustee is requested to consider such modification or waiver of the Conditions or Trust Deed, convene a meeting of Holders in respect thereof or consider a substitution of the Issuer in accordance with paragraph (d) (*Substitution*) below, the Issuer shall provide to the Trustee a certificate signed by two Authorised Signatories, certifying that it has notified the PRA of, or received the PRA's consent to such modification, waiver or substitution, as the case may be. The Trustee may rely on such certificate without liability for so doing.

(d) *Substitution*

Subject as provided in paragraph (c) (*PRA notice or consent*) above and subject further to (i) such amendments to the Trust Deed as the Trustee may require and to (ii) certain other conditions set out in the Trust Deed being complied with (including, the Trustee being of the opinion that the substitution is not materially prejudicial to the interest of the Holders), but without the consent of the Holders, the Trustee may also agree, subject to the Securities remaining irrevocably guaranteed by the Issuer (subordinated to the same extent as set out in Condition 1(b) (*Form, Denomination and Status – Status*)), to the substitution of any Subsidiary of the Issuer (a "**Successor Entity**") in place of the Issuer as principal debtor under the Securities and the Trust Deed.

In the case of a substitution under this paragraph (d) (*Substitution*), the Trustee may agree, without the consent of the Holders, to a change of the law governing the Securities and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders.

(e) *Effect for the Holders*

Any such modification, waiver, authorisation, determination or substitution shall be binding on all the Holders and, unless the Trustee agrees otherwise, shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any such modification, waiver, authorisation or substitution as aforesaid) the Trustee shall have regard to the interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Holders resulting from the individual Holders being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequences of any such exercise upon individual Holders, except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

15. **Further Issues**

The Issuer may from time to time, without the consent of the Holders and in accordance with the Trust Deed, create and issue further Securities having the same terms and conditions as the Securities in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Securities. The Issuer may from time to time, with the consent of the Trustee, create and issue other series or securities having the benefit of the Trust Deed.

The Trust Deed contains provisions for convening a single meeting of the Holders and the holders of other securities where the Trustee so decides.

16. **Notices**

Notices to the Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

17. **Governing Law and Jurisdiction**

(a) *Governing Law*

The Securities and the Trust Deed and any non-contractual obligations arising out of or in connection with the Securities and the Trust Deed are governed by English law.

(b) *Jurisdiction*

The parties to the Trust Deed have (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Securities (including any non-contractual obligation arising out of or in connection with the Securities); and (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that they will not argue that any other courts are more appropriate or convenient.

18. **Recognition of UK Bail-in Power**

(a) *Agreement and Acknowledgement with Respect to the Exercise of the UK Bail-in Power*

Notwithstanding and to the exclusion of any other term of the Securities or any other agreements, arrangements, or understandings between the Issuer and any Holder (or the Trustee on behalf of the Holders), by its acquisition of the Securities, each Holder acknowledges and accepts that the Relevant Amounts arising under the Securities may be subject to the exercise of the UK Bail-in Power by the Resolution Authority, and acknowledges, accepts, consents, and agrees to be bound by:

- (i) the effect of the exercise of the UK Bail-in Power by the Resolution Authority, that may include and result in any of the following, or some combination thereof:
  - (A) the reduction of all, or a portion, of the Relevant Amounts;
  - (B) the conversion of all, or a portion, of the Relevant Amounts on the Securities into shares, other securities or other obligations of the Issuer or another person (and the issue to or conferral on the Holder of such shares, securities or obligations), including by means of an amendment, modification or variation of the terms of the Securities;
  - (C) the cancellation of the Securities;
  - (D) amendment of the amount of interest that may be payable on the Securities, or the date on which the interest may become payable, including by suspending payment for a temporary period;

(ii) the variation of the terms of the Securities, if necessary, to give effect to the exercise of the UK Bail-in Power by the Resolution Authority.

(b) *Payment of Relevant Amounts*

No repayment or payment of Relevant Amounts on the Securities will become due and payable or be paid after the exercise of any UK Bail-in Power by the Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

(c) *Event of Default*

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Issuer, nor the exercise of the UK Bail-in Power by the Resolution Authority with respect to the Securities will be an event of default or Default.

(d) *Notice*

Upon the exercise of the UK Bail-in Power by the Resolution Authority with respect to any Securities, the Issuer shall immediately notify the Trustee and the Principal Paying Agent in writing of such exercise and give notice of the same to Holders in accordance with Condition 16 (*Notices*). Any delay or failure by the Issuer in delivering any notice referred to in this paragraph (d) (*Recognition of UK Bail-in Power – Notice*) shall not affect the validity and enforceability of the UK Bail-in Power.

19. **Interpretation**

(a) *Definitions*

In these Conditions, the following expressions have the following meanings:

**"Acquirer"** means the person that controls the Issuer following a Takeover Event. For the purposes of this definition, "control" means the acquisition or holding of legal or beneficial ownership of more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer or the right to appoint or remove a majority of the board of directors of the Issuer.

**"Approved Entity"** means a body corporate which, on the occurrence of the Takeover Event and thereafter, has in issue Approved Entity Shares.

**"Approved Entity Shares"** means ordinary shares in the capital of a body corporate that constitutes equity share capital or the equivalent (or depository or other receipts representing the same) which are listed and admitted to trading on a Recognised Stock Exchange and is not share capital which, if the Securities could convert into such share capital in accordance with these Conditions, would cause a Relevant Tax Effect in circumstances where, if the Securities could instead only convert into ordinary shares of the Issuer, would not cause a Relevant Tax Effect. Such shares shall cease to be "Approved Entity Shares" if they do not satisfy the definition above on the Conversion Date. In relation to an Automatic Conversion in respect of which the Conversion Date falls on or after the QTE Effective Date, references herein to "Conversion Shares" shall be deemed to be references to "Approved Entity Shares".

**"Authorised Signatories"** has the meaning given to it in the Trust Deed.

**"Automatic Conversion"** means the irrevocable and automatic release of all of the Issuer's obligations under the Securities (other than the CSO Obligations, if any) in consideration of the Issuer's issuance of the Conversion Shares at the Conversion Price to the Conversion Shares Depository (on behalf of the Holders) or to the relevant recipient, in accordance with these Conditions.

**"Automatic Conversion Notice"** means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*) specifying (i) that a Capital Adequacy Trigger Event has occurred, (ii) the Conversion Date or expected Conversion Date, (iii) the Conversion Price, (iv) that the Issuer has the option, at its sole and absolute discretion, to elect that a Conversion Shares Offer be conducted and that the Issuer will issue a Conversion Shares Offer Notice in accordance with Condition 16 (*Notices*) within 10 business days following the Conversion Date notifying Holders of the Issuer's election and (v) that the Securities shall remain in existence for the sole purpose of evidencing (a) the Holder's right to receive Conversion Shares or Conversion Shares Offer Consideration, as applicable, from the Conversion Shares Depository and (b) the Issuer's CSO Obligations, if any, and that the Securities may continue to be transferable until the Suspension Date, which shall be specified in the Conversion Shares Offer Notice.

**"business day"** means any weekday, other than one on which banking institutions are authorised or obligated by law, regulation or executive order to close in London, unless otherwise defined in these Conditions.

**"Calculation Amount"** means £1,000.

**"Calculation Period"** means the relevant period for which interest is to be calculated from (and including) the first day in such period to (but excluding) the last day in such period.

**"Cancellation Date"** means (i) with respect to any Security for which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the applicable Settlement Date and (ii) with respect to any Security for which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the Final Cancellation Date.

**"Capital Adequacy Trigger Event"** has the meaning given to such term in Condition 8(a)(i) (*Automatic Conversion*).

**"Capital Regulations"** means, at any time, the laws, regulations, requirements, standards, guidelines and policies relating to capital adequacy and/or minimum requirement for own funds and eligible liabilities and/or loss absorbing capacity for credit institutions of either (i) the PRA and/or (ii) any other national or European authority, in each case then in effect in the United Kingdom (or in such other jurisdiction in which the Issuer may be organised or domiciled) and applicable to the Group including UK CRD.

**"Cash Dividend"** means any dividend or distribution in respect of the ordinary shares to shareholders of the Issuer which is to be paid or made in cash (in whatever currency), and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to shareholders upon or in connection with a reduction of capital.

**"CET1 Capital"** means, at any time, the sum, expressed in pounds sterling, of all amounts that constitute common equity tier 1 capital of the Group, at such time, less any deductions from common equity tier 1 capital required to be made at such time, in each case as determined by the Issuer, on a consolidated basis in accordance with the Capital Regulations applicable at such time (which determination shall be binding on the Trustee and the Holders). For the purposes of this definition, the term "common equity tier 1 capital" shall have the meaning assigned to such term in the Capital Regulations then applicable.

**"Clearing Systems"** means Clearstream Banking, S.A. and Euroclear Bank SA/NV.

**"Companies Act"** means the Companies Act 2006.

**"Conditions"** means these terms and conditions of the Securities.

**"Conversion Date"** means the date on which the Automatic Conversion shall take place, or has taken place, as applicable.

**"Conversion Price"** means £1.65 per Conversion Share, subject to adjustment in accordance with Condition 9 (*Adjustments to the Conversion Price*).

**"Conversion Shares"** means the ordinary shares of the Issuer to be issued to the Conversion Shares Depository (or to the relevant recipient in accordance with these Conditions) following an Automatic Conversion, which ordinary shares shall be in such number as is determined by dividing the aggregate principal amount of the Securities outstanding immediately prior to the Automatic Conversion on the Conversion Date by the Conversion Price rounded down, if necessary, to the nearest whole number of ordinary shares.

**"Conversion Shares Depository"** means a financial institution, trust company, depository entity, nominee entity or similar entity to be appointed by the Issuer on or prior to any date when a function ascribed to the Conversion Shares Depository in these Conditions is required to be performed, to perform such functions and which as a condition of such appointment, will be required to undertake, for the benefit of the Holders, to hold the Conversion Shares (and any Conversion Shares Offer Consideration) on behalf of such Holders in one or more segregated accounts unless otherwise required for the purposes of the Conversion Shares Offer and, in any event, on terms consistent with these Conditions.

**"Conversion Shares Offer Agent"** means the agent(s), if any, to be appointed on behalf of the Conversion Shares Depository by the Issuer, in its sole and absolute discretion, to act as placement or other agent of the Conversion Shares Depository to facilitate a Conversion Shares Offer.

**"Conversion Shares Offer Consideration"** means in respect of each Security: (i) if all of the Conversion Shares are sold in the Conversion Shares Offer, the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security; (ii) if some but not all of the Conversion Shares are sold in the Conversion Shares Offer, (x) the *pro rata* share of the cash proceeds from the sale of the Conversion Shares attributable to such Security; and (y) the *pro rata* share of the Conversion Shares not sold pursuant to the Conversion Shares Offer attributable to such Security rounded down to the nearest whole number of Conversion Shares; and (iii) if no Conversion Shares are sold in a Conversion Shares Offer, the relevant Conversion Shares attributable to such Security rounded down to the nearest whole number of Conversion Shares, subject in the case of (i) and (ii)(x) above to deduction from any such cash proceeds of an amount equal to the *pro rata* share of any stamp duty, stamp duty reserve tax, or any other capital, issue, transfer, registration, financial transaction or documentary tax that may arise or be paid as a consequence of the transfer of any interest in the Conversion Shares to the Conversion Shares Depository as a consequence of the Conversion Shares Offer.

**"Conversion Shares Offer Notice"** means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*) specifying (i) whether or not the Issuer has elected that a Conversion Shares Offer be made and, if so, the Conversion Shares Offer Period, (ii) the Suspension Date and (iii) details of the Conversion Shares Depository or, if the Issuer has been unable to appoint a Conversion Shares Depository, such other arrangements for the issuance and/or delivery of the Conversion Shares or the Conversion Shares Offer Consideration, as applicable, to the Holders as it shall consider reasonable in the circumstances.

**"Conversion Shares Offer Period"** means the period during which the Conversion Shares Offer may occur, which period shall end no later than 40 business days after the delivery of the Conversion Shares Offer Notice.

**"Conversion Shares Settlement Notice"** means a written notice to be delivered by a Holder to the Conversion Shares Depository (or to the relevant recipient in accordance with these Conditions), with a copy to the Trustee, no earlier than the Suspension Date containing the following information: (i) the name of the Holder, (ii) the aggregate amount of the Authorised Denomination of the Securities held by such Holder on the date of such notice, (iii) the name to be entered in the Issuer's share register, (iv) the details of the CREST or other clearing system account or, if the Conversion Shares are not a

participating security in CREST or another clearing system, the address to which the Conversion Shares (or the Conversion Share component, if any, of any Conversion Shares Offer Consideration) and/or cash (if not expected to be delivered through the Clearing Systems) should be delivered and (v) such other details as may be required by the Conversion Shares Depository.

**"Conversion Shares Settlement Request Notice"** means the written notice to be delivered by the Issuer to the Trustee directly and to the Holders in accordance with Condition 16 (*Notices*) on the Suspension Date requesting that Holders complete a Conversion Shares Settlement Notice and specifying (i) the Notice Cut-off Date and (ii) the Final Cancellation Date.

**"CSO Obligations"** means the obligations of the Issuer under the Securities that may arise in connection with a Conversion Shares Offer to: (i) facilitate the preparation of a prospectus or other offering document, if applicable, and (ii) take responsibility for such prospectus or other offering document, which obligations (and any claims relating to a failure to facilitate the preparation of, or take responsibility for, such prospectus or other offering document) shall terminate in the event of the winding-up or administration of the Issuer.

**"Current Market Price"** means, in respect of an ordinary share at a particular date, the average of the daily Volume Weighted Average Price of an ordinary share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, if at any time during the said five-dealing-day period the Volume Weighted Average Price shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) and during some other part of that period the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement), then:

- (i) if the ordinary shares to be issued do not rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit; or
- (ii) if the ordinary shares to be issued do rank for the Cash Dividend (or entitlement) in question, the Volume Weighted Average Price on the dates on which the ordinary shares shall have been based on a price ex-Cash Dividend (or ex- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,

and provided further that, if on each of the said five dealing days the Volume Weighted Average Price shall have been based on a price cum-Cash Dividend (or cum- any other entitlement) in respect of a Cash Dividend (or other entitlement) which has been declared or announced but the ordinary shares to be issued do not rank for that Cash Dividend (or other entitlement), the Volume Weighted Average Price on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to such Cash Dividend or entitlement per ordinary share as at the date of first public announcement relating to such Cash Dividend or entitlement, in any such case, determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit,



and provided further that, if the Volume Weighted Average Price of an ordinary share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of Volume Weighted Average Price), then the average of such Volume Weighted Average Prices which are available in that five-dealing-day period shall be used (subject to a minimum of two such prices) and if only one, or no, such Volume Weighted Average Price is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser.

**"Day Count Fraction"** means:

- (i) if the Calculation Period is equal to or shorter than the Regular Period during which it falls, the number of days in the Calculation Period, divided by the product of (1) the number of days in the Regular Period in which the Calculation Period falls and (2) four; and
- (ii) if the Calculation Period is longer than one Regular Period, the sum of:
  - (A) the number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the number of days in such Regular Period and (2) four; and
  - (B) the number of days in such Calculation Period falling in the next Regular Period divided by the product of (1) the number of days in such Regular Period and (2) four.

**"dealing day"** means a day on which the Relevant Stock Exchange or securities market is open for business and on which ordinary shares may be dealt in (other than a day on which the Relevant Stock Exchange or securities market is scheduled to or does close prior to its regular weekday closing time).

**"Default"** has the meaning given to it in the Trust Deed.

**"Distributable Items"** shall have the meaning assigned to such term in the Capital Regulations then applicable, but amended so that for so long as there is any reference therein to "before distributions to holders of own funds instruments" it shall be read as a reference to "before distributions to holders of Parity Securities, the Securities or any Junior Securities".

**"Effective Date"** means, for the purposes of paragraph (iii) of Condition 9(a) (*Adjustments to the Conversion Price – Rights issues*), the first date on which the ordinary shares are traded ex-rights, on the Relevant Stock Exchange and, for the purposes of paragraph (iv) of Condition 9(a) (*Adjustments to the Conversion Price – Extraordinary Dividend*), the first date on which the ordinary shares are traded ex-the relevant Cash Dividend on the Relevant Stock Exchange.

**"EU CRD"** means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, as amended before IP completion day; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended before IP completion day.

**"Extraordinary Dividend"** means any Cash Dividend that is expressly declared by the Issuer to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend, special distribution or return of value to shareholders or any analogous or similar term, in which case the Extraordinary Dividend shall be such Cash Dividend.

**"Final Cancellation Date"** means the date, as specified in the Conversion Shares Settlement Request Notice, on which the Securities in relation to which no Conversion Shares Settlement Notice has been received by the Conversion Shares Depository on or before the Notice Cut-off Date shall be cancelled, which date may be up to 12 business days following the Notice Cut-off Date.

**"First Reset Date"** has the meaning given to such term in Condition 3(b) (*Interest - Rate of Interest*).

**"fully loaded"** means, in relation to a measure that is presented or described as being on a "fully loaded basis", that such measure is determined without applying the transitional provisions set out in Part Ten of the UK CRD Regulation in accordance with the Capital Regulations applicable as at the time such measure is determined.

**"fully loaded CET1 Ratio"** means, at any time, the ratio of CET1 Capital at such time to the Risk Weighted Assets at such time, expressed as a percentage and on the basis that all measures used in such calculation shall be determined on a fully loaded basis.

**"Governmental Entity"** means (i) the United Kingdom Government, (ii) an agency of the United Kingdom Government or (iii) a person or entity (other than a body corporate) controlled by the United Kingdom Government or any such agency referred to in (ii). If the Issuer is then organised in another jurisdiction, the references to "United Kingdom Government" shall be read as references to the government of such other jurisdiction.

**"Group"** means Barclays PLC and its consolidated Subsidiaries.

**"Independent Financial Adviser"** means an independent financial institution of international repute appointed by the Issuer at its own expense.

**"Initial Interest Rate"** has the meaning given to such term in Condition 3(b) (*Interest - Rate of Interest*).

**"Interest Payment Date"** has the meaning given to such term in Condition 3(c) (*Interest - Interest Payment Dates*).

**"IP completion day"** has the meaning given in the European Union (Withdrawal Act) 2020.

**"Issue Date"** means 28 June 2022.

**"Junior Securities"** means any ordinary shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, junior to the Securities in a winding-up or administration of the Issuer.

**"LSE"** means the London Stock Exchange plc.

**"Margin"** has the meaning given to such term in Condition 3(b) (*Interest - Rate of Interest*).

The **"New Conversion Condition"** shall be satisfied if (a) by not later than seven business days following the completion of a Takeover Event where the Acquirer is an Approved Entity, there shall be arrangements in place for the Approved Entity to provide for issuance of Approved Entity Shares following an Automatic Conversion of the Securities on terms *mutatis mutandis* identical to Condition 8(a) (*Automatic Conversion – Automatic Conversion Upon Capital Adequacy Trigger Event*) and (b) the Issuer, in its sole and absolute discretion has determined that such arrangements are in the best interest of the Issuer and its shareholders taken as a whole having regard to the interests of its stakeholders (including, but not limited to, the Holders) and are consistent with applicable law and regulation (including, but not limited to, the guidance of any applicable regulatory body).

"**New Conversion Price**" means the amount determined in accordance with the following formula, which shall apply from the QTE Effective Date:

$$\text{NCP} = \text{ECP} \times (\text{VWAPAES}/\text{VWAPOS})$$

where:

"**NCP**" is the New Conversion Price.

"**ECP**" is the Conversion Price in effect on the dealing day immediately prior to the QTE Effective Date.

"**VWAPAES**" means the average of the Volume Weighted Average Price of the Approved Entity Shares (translated, if necessary, into the same currency as the price of the ordinary shares at the Prevailing Rate on the relevant dealing day) on each of the five (5) dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of "Volume Weighted Average Price" to "ordinary share" shall be construed as a reference to the Approved Entity Shares and in the definition of "dealing day," references to the "Relevant Stock Exchange" shall be to the relevant Recognised Stock Exchange).

"**VWAPOS**" is the average of the Volume Weighted Average Price of the ordinary shares on each of the five (5) dealing days ending on the dealing day immediately prior to the closing date of the Takeover Event.

"**Notice Cut-off Date**" means the date specified as such in the Conversion Shares Settlement Request Notice, which date shall be at least 40 business days following the Suspension Date.

"**ordinary shares**" means (a) prior to the QTE Effective Date, fully paid ordinary shares in the capital of the Issuer currently with a nominal value of 25 pence each and (b) on and after the QTE Effective Date, the relevant Approved Entity Shares.

"**Parity Securities**" means any preference shares, securities or other obligations (including any guarantee, credit support or similar undertaking) of the Issuer ranking, or expressed to rank, *pari passu* with the Securities in a winding-up or administration of the Issuer.

"**Payment Business Day**" means any day (other than a Saturday, Sunday or public holiday) which is:

- (i) a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Principal Paying Agent has its Specified Office and, in the case of surrender (or, in the case of part payment only, endorsement) of a Certificate, in the place in which the Certificate is surrendered (or, as the case may be, endorsed); and
- (ii) in the case of payment by transfer to an account, any day on which banks are open for general business (including dealings in foreign currencies) in London.

a "**person**" includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) or other legal entity.

"**PRA**" means the United Kingdom Prudential Regulation Authority or such other governmental authority in the United Kingdom (or if the Issuer becomes domiciled in a jurisdiction other than the United Kingdom, such other jurisdiction) having primary responsibility for the prudential supervision of the Issuer.

"**Prevailing Rate**" means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (London time) on that date as appearing on or derived from the relevant page on Bloomberg (or such other information service provider that displays the relevant information) or, if such

a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (London time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the relevant page on Bloomberg (or such other information service provider that displays the relevant information), the rate determined in such other manner as an Independent Financial Adviser shall in good faith prescribe.

**"QTE Effective Date"** means the date with effect from which the New Conversion Condition shall have been satisfied.

**"Qualifying Takeover Event"** means a Takeover Event where: (i) the Acquirer is an Approved Entity; and (ii) the New Conversion Condition is satisfied.

**"Rate of Interest"** shall mean the Initial Interest Rate and/or the relevant Subsequent Interest Rate, as the case may be.

**"Recognised Stock Exchange"** means a Regulated Market or another regulated, regularly operating, recognised stock exchange or securities market in an OECD member state.

**"Reference Bond Price"** means, with respect to any Reset Determination Date, (i) the arithmetic average of the Reference Government Bond Dealer Quotations for such Reset Determination Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (ii) if fewer than five such Reference Government Bond Dealer Quotations are received, the arithmetic average of all such quotations (or, alternatively, if only one Reference Government Bond Dealer Quotation is received, the Reference Bond Price shall be equal to such quotation); provided, however, that if no Reference Government Bond Dealer Quotations are received, the Subsequent Interest Rate for the relevant Reset Period shall be equal to the Rate of Interest last determined in relation to the Securities in respect of the immediately preceding Reset Period (or, alternatively, in the case of the first Reset Determination Date, the Rate of Interest applicable to the first Reset Period shall be the Initial Interest Rate).

**"Reference Bond Rate"** means, with respect to any Reset Date for which such rate applies, the gross redemption yield expressed as a percentage and calculated by the Calculation Agent on the basis set out by the United Kingdom Debt Management Office in the paper *"Formulae for Calculating Gilt Prices from Yields"*, page 5, Section One: Price/Yield Formulae *"Conventional Gilts; Double dated and Undated Gilts with Assumed (or Actual) Redemption on a Quasi-Coupon Date"* (published on 8 June 1998 and updated on 15 January 2002 and 16 March 2005, and as further amended, updated, supplemented or replaced from time to time) or, if such basis is no longer in customary market usage at such time, a gross redemption yield calculated in accordance with generally accepted market practice at such time as determined by the Issuer following consultation with an investment bank or financial institution determined to be appropriate by the Issuer (which, for the avoidance of doubt, could be the Calculation Agent, if applicable) and notified in writing to the Calculation Agent, on a semi-annual compounding basis (rounded up (if necessary) to four decimal places) of the Reset Reference Bond in respect of that Reset Period, assuming a price for the Reset Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Price for such Reset Determination Date.

**"Reference Government Bond Dealer"** means each of five banks selected by the Issuer (following, where practicable, consultation with the Calculation Agent), or the affiliates of such banks, which are (i) primary government securities dealers, and their respective successors, or (ii) market makers in pricing corporate bond issues.

**"Reference Government Bond Dealer Quotations"** means, with respect to each Reference Government Bond Dealer and any Reset Determination Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reset Reference Bond (expressed in each case as a percentage of its principal amount) as at 11:00 a.m. (London time) on the Reset Determination Date on a dealing basis for settlement on the next following dealing day in London, or such basis as is customarily

used at such time, and quoted in writing to the Issuer by such Reference Government Bond Dealer.

**"Reset Reference Bond"** means for any Reset Period, the United Kingdom government security or securities selected by the Issuer (after consultation with an investment bank or financial institution determined to be appropriate by the Issuer, which, for the avoidance of doubt, could be the Calculation Agent, if applicable) with a maturity date on or about the last day of such Reset Period and that (in the opinion of the Issuer) would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in sterling and of a maturity of five years.

**"Regular Date"** means 15 March, 15 June, 15 September or 15 December in any year.

**"Regular Period"** means each period from (and including) any Regular Date to (but excluding) the next Regular Date.

**"Regulated Market"** means a regulated market as defined by Article 4.1(21) of Directive 2014/65/EC of the European Parliament and of the Council on markets in financial instruments or as defined in Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the Withdrawal Act, as each may be amended or replaced from time to time.

**"Relevant Amounts"** means the principal amount of the Securities and any accrued but unpaid interest on the Securities (which excludes any interest cancelled or deemed cancelled in accordance with Condition 4 (*Interest Cancellation*)). References to such amounts will include amounts that have become due and payable (if any), but which have not been paid, prior to the exercise of the UK Bail-in Power by the Resolution Authority.

**"Relevant Date"** means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee 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 Holders.

**"Relevant Currency"** means sterling or, if at the relevant time or for the purposes of the relevant calculation or determination the LSE is not the Relevant Stock Exchange, the currency in which the ordinary shares are quoted or dealt in on the Relevant Stock Exchange at such time.

**"Relevant Stock Exchange"** means the LSE or, if at the relevant time the ordinary shares are not at that time listed and admitted to trading on the LSE, the principal stock exchange or securities market on which the ordinary shares are then listed, admitted to trading or quoted or accepted for dealing.

**"Relevant Tax Effect"** means a circumstance, as on the date hereof or at any time thereafter, that interest payments (or funding costs of the Issuer as recognised in its accounts) under or with respect to the Securities are not or would not be deductible for United Kingdom corporation tax purposes (whether for the Issuer, or for companies with which the Issuer is grouped for United Kingdom tax purposes).

**"Reset Date"** means the First Reset Date and each fifth anniversary date thereafter.

**"Reset Determination Date"** means the second Payment Business Day immediately preceding each Reset Date.

**"Reset Period"** has the meaning given to such term in Condition 3(b) (*Interest - Rate of Interest*).

**"Resolution Authority"** means the Bank of England or any successor or replacement thereto and/or such other authority in the United Kingdom with the ability to exercise a UK Bail-in Power.

**"Risk Weighted Assets"** means, at any time, the aggregate amount, expressed in pounds sterling, of the risk weighted assets of the Group, at such time, as determined by the Issuer, on a consolidated basis in accordance with the Capital Regulations applicable at such time (which determination shall be binding on the Trustee and the Holders). For the purposes of this definition, the term "risk weighted assets" means the risk weighted assets or total risk exposure amount, as determined by the Issuer, in accordance with the Capital Regulations.

**"Settlement Date"** means (i) with respect to any Security in relation to which a Conversion Shares Settlement Notice is received by the Conversion Shares Depository on or before the Notice Cut-off Date, the later of (a) the date that is two business days after the end of the relevant Conversion Shares Offer Period and (b) the date that is two business days after the date on which such Conversion Shares Settlement Notice has been received by the Conversion Shares Depository and (ii) with respect to any Security in relation to which a Conversion Shares Settlement Notice is not received by the Conversion Shares Depository on or before the Notice Cut-off Date, the date on which the Conversion Shares Depository delivers the relevant Conversion Shares or Conversion Share component, if any, of any Conversion Shares Offer Consideration, as applicable.

**"shareholders"** means the holders of ordinary shares.

**"Specified Office"** has the meaning given to it in the Trust Deed.

**"Subsequent Interest Rate"** has the meaning given to such term in Condition 3(b) (*Interest - Rate of Interest*).

**"Subsidiary"** has the meaning provided in Section 1159 of the Companies Act.

**"Successor Entity"** has the meaning given to it in Condition 14(d) (*Meetings of Holders; Modification and Waiver; Substitution - Substitution*).

**"Suspension Date"** means, with respect to each Clearing System, the date specified in the Conversion Shares Offer Notice as the date on which such Clearing System shall suspend all clearance and settlement of transactions in the Securities in accordance with its rules and procedures, which date shall be no later than 38 business days after the delivery of the Conversion Shares Offer Notice to such Clearing System (and, if the Issuer elects that a Conversion Shares Offer be made, such date shall be at least two business days prior to the end of the relevant Conversion Shares Offer Period).

**"£", "sterling" and "pounds sterling"** means the lawful currency for the time being of the United Kingdom.

A **"Takeover Event"** shall occur if an offer is made to all (or as nearly as may be practicable all) shareholders (or all (or as nearly as may be practicable all) such shareholders other than the offeror and/or any associate (as defined in Section 988(1) of the Companies Act) of the offeror), to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme with regard to such acquisition and (such offer or scheme having become or been declared unconditional in all respects or having become effective) the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in any person and/or any associate of that person (as defined in Section 988(1) of the Companies Act).

**"Takeover Event Notice"** means the notice to the Holders in accordance with Condition 16 (*Notices*) notifying them that a Takeover Event has occurred and specifying: (1) the identity of the Acquirer; (2) whether the Takeover Event is a Qualifying Takeover Event or not; (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and (4) if applicable, the QTE Effective Date.

**"Tier 1 Capital"** means Tier 1 capital for the purposes of the Capital Regulations.

**"UK Bail-in Power"** means any write-down, conversion, transfer, modification and/or suspension power existing from time to time under any laws, regulations, rules or requirements relating to the resolution of banks, banking group companies, credit institutions and/or investment firms incorporated in the United Kingdom in effect and applicable in the United Kingdom to the Issuer or other members of the Group, including but not limited to any such laws, regulations, rules or requirements that are implemented, adopted or enacted within the context of any applicable European Union directive or regulation of the European Parliament and of the Council establishing a framework for the recovery and resolution of credit institutions and investment firms, and/or within the context of a resolution regime in the United Kingdom under the Banking Act 2009, as the same has been or may be amended from time to time (whether pursuant to the Financial Services (Banking Reform) Act 2013, secondary legislation or otherwise), pursuant to which obligations of a bank, banking group company, credit institution or investment firm or any of its affiliates can be reduced, cancelled, amended, transferred and/or converted into shares or other securities or obligations of the obligor or any other person.

**"UK CRD"** means the legislative package consisting of:

- (A) the UK CRD Regulation;
- (B) the law of the UK or any part of it (as amended or replaced in accordance with domestic law from time to time), which immediately before IP completion day implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures, such Directive as amended before IP completion day; and
- (C) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day implemented EU CRD as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act and as the same may be amended or replaced in accordance with domestic law from time to time.

**"UK CRD Regulation"** means Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investments firms, as amended before IP completion day as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act and as the same may be further amended or replaced in accordance with domestic law from time to time.

**"Volume Weighted Average Price"** means, in respect of an ordinary share (or an Approved Entity Share, as applicable) on any dealing day, the order book volume-weighted average price of an ordinary share (or Approved Entity Share, as applicable) published by or derived from the relevant Bloomberg page or such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of an ordinary share (or an Approved Entity Share, as applicable) in respect of such dealing day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

**"Withdrawal Act"** means the European Union (Withdrawal) Act 2018.

- (b) *Construction of certain references*

In these Conditions, unless otherwise specified or unless the context otherwise requires:

- (i) references to Securities being "outstanding" shall be construed in accordance with the Trust Deed;

- (ii) references to any issue or offer or grant to shareholders "as a class" or "by way of rights" shall be taken to be references to an issue or offer or grant to all or substantially all shareholders, as the case may be, other than shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant;
- (iii) references to "ordinary share capital" have the meaning provided in Section 1119 of the Corporation Tax Act 2010 (or successor provision or legislation) and "equity share capital" has the meaning provided in Section 548 of the Companies Act;
- (iv) references to the "issue" of Conversion Shares shall include the transfer and/or delivery of Conversion Shares by the Issuer or any of its Subsidiaries, whether newly issued and allotted or previously existing;
- (v) ordinary shares held by the Issuer or any of its Subsidiaries shall not be considered as or treated as "in issue";
- (vi) references to any act or statute or any provision of any act or 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 such modification or re-enactment; and
- (vii) headings and sub-headings are for ease of reference only and shall not affect the construction of these Conditions.



## DESCRIPTION OF ORDINARY SHARES

The Issuer only has ordinary shares in issue which are governed by the laws of England and Wales. The shareholders of the Issuer passed an ordinary resolution on 4 May 2022 to increase its share capital by the creation of new shares of up to £825,000,000 in relation to any issue of securities that automatically convert into or are exchanged for ordinary shares of the Issuer, which authorisation expires at the end of the Issuer's Annual General Meeting to be held in 2023 or the close of business on 30 June 2023 (whichever is earlier), unless otherwise renewed or passed pursuant to a separate resolution. The Issuer's Articles of Association (the "**Articles**") contain provisions to the following effect:

### **Dividends**

Subject to the provisions of the Articles and applicable legislation, the Issuer at any general meeting may declare dividends on the ordinary shares by ordinary resolution, but such dividends may not exceed the amount recommended by the Board. The Board may also pay interim or final dividends if it appears they are justified by the Issuer's financial position.

All unclaimed dividends payable in respect of any share may be invested or otherwise made use of by the Board for the benefit of the Issuer until claimed. If a dividend is not claimed after 12 years of it becoming payable, it is forfeited and reverts to the Issuer.

The Issuer operates a Scrip Dividend Programme which enables eligible shareholders to elect to receive new ordinary shares issued by the Issuer instead of a cash dividend.

### **Voting**

Every member who is present in person or by proxy or represented at any general meeting of the Issuer, and who is entitled to vote, has one vote on a show of hands. Every proxy present has one vote, except that the proxy will have one vote for and one vote against a resolution if he/she has been instructed to vote for and against the resolution by different members or in one direction by a member while another member has permitted the proxy discretion as to how to vote. On a poll, every member who is present or represented and who is entitled to vote has one vote for every share held. In the case of joint holders, only the vote of the senior holder (as determined by order in the share register) or his/her proxy may be counted. If any sum payable remains unpaid in relation to a member's shareholding, that member is not entitled to vote that share or exercise any other right in relation to a meeting of the Issuer unless the Board otherwise determines.

If any member, or any other person appearing to be interested in any of the Issuer's ordinary shares, is served with a notice under Section 793 of the Companies Act 2006 and does not supply the Issuer with the information required in the notice, then the Board, in its absolute discretion, may direct that that member shall not be entitled to attend or vote at any meeting of the Issuer. The Board may further direct that, if the shares of the defaulting member represent 0.25 per cent. or more of the issued shares of the relevant class, dividends or other monies payable on those shares shall be retained by the Issuer until the direction ceases to have effect and no transfer of those shares shall be registered (other than certain specified "excepted transfers"). A direction ceases to have effect seven days after the Issuer has received the information requested, or when the Issuer is notified that an "excepted transfer" of all of the relevant shares to a third party has occurred, or as the Board otherwise determines.

### **Transfers**

Ordinary shares may be held in either certificated or uncertificated form. Certificated ordinary shares shall be transferred in writing in any usual or other form approved by the Board and executed by or on behalf of the transferor. Transfers of uncertificated ordinary shares shall be made in accordance with the Companies Act 2006 and Uncertificated Securities Regulations 2001, as amended.

In exceptional circumstances approved by the UK Listing Authority, the Board may refuse to register a transfer of certificated shares **provided that** such refusal would not disturb the market in those shares. The Board may also decline to register an instrument of transfer of certificated ordinary shares unless it is duly stamped and deposited at the prescribed place and accompanied by the share certificate(s) and such other evidence as reasonably required by the Board to evidence right to transfer, it is in respect of one class of shares only, and it is in favour of a single transferee or not more than four transferees (except in the case of executors or trustees of a member).

## **Redemption and Purchase**

Subject to applicable legislation and the rights of the other shareholders, any share may be issued on terms that it is, at the Issuer's option or at the option of the holder of such share, redeemable. The directors are authorised to determine the terms, conditions and manner of redemption of any such shares under the Articles.

## **Calls on capital**

The Board may make calls upon the members in respect of any monies unpaid on their shares. A person upon whom a call is made remains liable even if the shares in respect of which the call is made have been transferred. Interest will be chargeable on any unpaid amount called at a rate determined by the Board (of not more than 20 per cent. per annum).

If a member fails to pay any call in full (following notice from the Board that such failure will result in forfeiture of the relevant shares), such shares (including any dividends declared but not paid) may be forfeited by a resolution of the Board, and will become the property of the Issuer. Forfeiture shall not absolve a previous member for amounts payable by him/her (which may continue to accrue interest).

The Issuer also has a lien over all of the Issuer's partly paid shares for all monies payable or called on that share and over the debts and liabilities of a member to the Issuer. If any monies which are the subject of the lien remain unpaid after a notice from the Board demanding payment, the Issuer may sell such shares.

## **Variation of Rights**

The rights attached to any class of shares may be varied either with the consent in writing of the holders of at least 75 per cent. in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

The rights of shares shall not (unless expressly provided by the rights attached to such shares) be deemed varied by the creation of further shares ranking equally with them.

## **Winding Up**

In the winding up of the Issuer (whether the liquidation is voluntary or by the court) the liquidator may, on obtaining any sanction required by law, divide among the members in kind the whole or any part of the assets of the Issuer, whether or not the assets consist of property of one kind or of different kinds, and vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as he/she, with the like sanction, shall determine. For this purpose the liquidator may set the value he deems fair on a class or classes of property, and may determine on the basis of that valuation and in accordance with the then existing rights of members how the division is to be carried out between members or classes of members. The liquidator may not, however, distribute to a member without his/her consent an asset to which there is attached a liability or potential liability for the owner.

## FORM OF THE SECURITIES

The Securities will be issued in registered form and will be represented by a global certificate (the "**Global Certificate**"). The Global Certificate will be deposited on or around the issue date with a common depository for Euroclear and/or Clearstream, Luxembourg and registered in the name of such depository (or its nominee) and will be exchangeable in whole, but not in part, for individual certificates ("**Individual Certificates**") if Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Certificate, by or on behalf of the Holder, Euroclear and/or Clearstream, Luxembourg, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person's holding) against the surrender of the Global Certificate at the Specified Office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Securities scheduled thereto and, in particular, shall be effected without charge to any Holder or the Trustee, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Certificates will contain provisions that modify the Terms and Conditions of the Securities as they apply to the Securities evidenced by the Global Certificate. The following is a summary of certain of those provisions:

**Payments:** All payments in respect of the Global Certificate which, according to the Conditions, require surrender or endorsement of a Certificate will be made against surrender of the Global Certificate (or in the case of part payment only, endorsement) to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Securities.

**Payments on business days:** In the case of all payments made in respect of the Global Certificate "**Payment Business Day**" means any day (other than a Saturday, Sunday or public holiday) on which banks are open for general business (including dealings in foreign currencies) in London.

**Payment Record Date:** Each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Certificate is being held is open for business.

**Notices:** Notwithstanding Condition 16 (*Notices*) and Condition 8(b) (*Automatic Conversion – Automatic Conversion Procedure*), so long as the Securities are represented by the Global Certificate deposited with a depository or a common depository for Euroclear, Clearstream, Luxembourg or any other clearing system (an "**Alternative Clearing System**"), notices to Holders represented by such Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System and, in any case, such notices shall be deemed to have been given to Holders in accordance with Condition 16 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System.

**Conversion Shares Settlement Notice:** Notwithstanding Condition 8(e)(vii) (*Automatic Conversion – Settlement Procedure – Conversion Shares Settlement Notice*), so long as the Securities are represented by the Global Certificate deposited with a depository or a common depository for Euroclear, Clearstream, Luxembourg or an Alternative Clearing System, a Conversion Shares Settlement Notice may be given by a Holder by delivering it to Euroclear, Clearstream, Luxembourg or (as the case may be) such Alternative Clearing System and, in any case, such notices shall be deemed to have been delivered to the Conversion Shares Depository on the date of delivery of such notice to the Conversion Shares Depository by Euroclear and/or Clearstream, Luxembourg and/or such Alternative Clearing System and or its depository or common depository.

**Cash component:** Notwithstanding Condition 8(e)(iii) (*Automatic Conversion – Settlement Procedure – Cash component*), so long as the Securities are represented by the Global Certificate deposited with a depository or a common depository for the Clearing Systems, the cash component, if any, of any Conversion Shares Offer Consideration will be delivered through the facilities of the Clearing Systems on or around the date on which the Conversion Shares Offer Period ends, subject to the applicable rules and operating procedures of the Clearing Systems in effect at such time.

### **Clearing System Accountholders**

Each Global Certificate will be in registered form. Consequently, references in the Terms and Conditions of the Securities to "Holder" are references to the person in whose name the Securities are being registered in the Register which, for so long as the Global Certificate is held by a common depository for Euroclear and/or Clearstream, Luxembourg, will be that common depository or its nominee.

Each of the persons shown in the records of Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in the Global Certificate (each an "**Accountholder**") must look solely to Euroclear and/or Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the Holder of the Global Certificate and in relation to all other rights arising under the Global Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under the Global Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Securities are represented by the Global Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Securities and such obligations of the Issuer will be discharged by payment to the Holder of the Global Certificate.

## **USE OF PROCEEDS**

The net proceeds of the issue of the Securities, expected to amount to £1,237,500,000 after deduction of the commissions and fees payable to the Managers, will be used for general corporate purposes of the Issuer and its subsidiaries and/or the Group and to strengthen further the capital base of the Issuer and its subsidiaries and/or the Group.

## DESCRIPTION OF THE ISSUER AND THE GROUP

The Issuer is a public limited company registered in England and Wales under number 48839. The liability of the members of the Issuer is limited. It has its registered head office at 1 Churchill Place, London E14 5HP, United Kingdom, (telephone number +44 (0)20 7116 1000). The Issuer was incorporated on 20 July 1896 under the Companies Acts 1862 to 1890. The Issuer is the ultimate holding company of the Group. The Issuer's principal activity is to make loans to, and to hold investments in, its subsidiaries such as BBUKPLC, BBPLC and Barclays Execution Services Limited.

Barclays is a British universal bank, supporting individuals and small businesses through its consumer banking services, and larger businesses and institutions through its corporate and investment banking services. Barclays is diversified by business, geography and income-type. The Group's operations include consumer banking and payments services in the UK, U.S. and Europe, as well as a top-tier global corporate and investment bank. The Group operates as two divisions – Barclays UK and Barclays International – which are supported by Barclays Execution Services Limited, the Group-wide service company providing technology, operations and functional services to businesses across the Group. Barclays UK consists of UK Personal Banking, UK Business Banking and Barclaycard Consumer UK businesses. These businesses are carried on by its UK ring-fenced bank, BBUKPLC, and certain other entities within the Group. Barclays International consists of Corporate and Investment Bank and Consumer, Cards and Payments businesses. These businesses operate within its non-ring-fenced bank, BBPLC and its subsidiaries, and by certain other entities within the Group.

### Legal Proceedings

For a description of the governmental, legal or arbitration proceedings that the Issuer and the Group face, see Note 26 (*Legal, competition and regulatory matters*) to the consolidated financial statements of the Issuer on pages 388 to 392 of the 2021 Annual Report and the following recent developments:

In relation to the section entitled "*Legal, competition and regulatory matters – Timeshare loans, skilled person review, and associated matters*" in Note 26 of the 2021 Annual Report, the paragraphs under such heading are deleted and replaced with the following:

"In August 2020, the FCA granted an application by Clydesdale Financial Services Limited (CFS), which trades as Barclays Partner Finance and houses Barclays' point-of sale finance business, for a validation order with respect to certain loans to customers brokered between April 2014 and April 2016 by Azure Services Limited (ASL), a timeshare operator, which did not, at the point of sale, hold the necessary broker licence. As a condition to the validation order, the FCA required CFS to undertake a skilled person review of the assessment of affordability processes for the loans brokered by ASL (ASL Loans) as well as CFS' policies and procedures for assessing affordability and oversight of brokers more generally, and dictated a remediation methodology in the event that ASL Loans did not pass the affordability test. CFS has voluntarily agreed to remediate the ASL Loans, which is expected to amount to £37.4m, in accordance with the FCA's methodology and the remediation exercise is at an advanced stage. The remaining scope of the skilled person review is complete. The skilled person made a number of observations, some of which were adverse, about both current and historic affordability practices as well as current oversight practices. CFS is not required to conduct a full back book review but, following a review of certain cohorts of loans to determine historic affordability and/or broker oversight practices that may have caused customer harm, where harm is identified, CFS' intention is to remediate. Separately, and notwithstanding this, CFS decided in March 2022 to extend the proactive remediation of ASL Loans beyond those brokered between April 2014 to April 2016 to include the full portfolio of ASL Loans brokered between 2006 and 2018. As at 31 March 2022, a customer remediation provision of £181m has been recognised in relation to the remediation of the ASL Loans originated outside the April 2014 to April 2016 period.

CFS continues to review complaints about other legacy partner finance loans, however, it is not currently possible to predict the outcome of this review or the financial impact on the Group.

### *Over-issuance of securities in the U.S.*

Barclays Bank PLC maintains U.S. shelf registration statements with the SEC in order to issue securities to U.S. investors. In February 2018, Barclays Bank PLC lost its status as a "well-known seasoned issuer" (or WKSI) due to an historic SEC settlement order and was required to pre-register a set amount of securities to be issued under the U.S. shelf registration statements with the SEC. On 10 March 2022,

executive management became aware that Barclays Bank PLC had issued securities materially in excess of the set amount under its 2019 F-3. The securities that have been over issued comprise structured notes and exchange traded notes. Securities issued in excess of the limit are considered to be "unregistered securities" for the purposes of U.S. securities laws with certain purchasers of those securities having the right to require Barclays Bank PLC to repurchase those securities at their original purchase price with compensatory interest and the potential for certain purchasers to bring civil claims and the SEC and other regulators to take enforcement actions against Barclays Bank PLC. The Group has recognised a provision of £220m as at 31 December 2021 in relation to the over-issuance of structured notes which represents the best estimate of the rescission right investors have for these securities. The potential amount of the provision ultimately required is determined by (among other things) the market value of the structured notes subject to any rescission offer, participation rates in the rescission offer, prevailing interest rates and movements in foreign exchange rates. The majority of the structured notes subject to rescission provides an equity linked return to investors. As such, the value of these notes is highly sensitive to movements in the price of individual securities and range of indices. As at 31 March 2022, the estimated provision had increased to £540m, with the incremental £320m to be recognised in the 2022 financial statements. The increase in provision post year-end predominantly reflected a reduction in the market value of structured notes. For example, using the S&P 500 index as a benchmark proxy for how the portfolio of securities subject to rescission respond to equity market price movements implies a sensitivity of a c.£300m increase in the provision for a 5% reduction in the index. The provision calculation is non-linear and the sensitivity to a 5% change in the S&P 500 index is an indicative impact using information available as at 31 March 2022. The U.S. equity markets have been volatile during H1 2022 with significant reductions in the value of U.S. equity indices such as the S&P 500 from the year end 2021 levels. The sensitivity to a 5% change in the S&P index does not include the impact of market hedges that have been entered into subsequent to the year-end and were initiated from the end of Q1 2022, to reduce the net volatility to the income statement. When determining these market hedges, consideration was given to changes in the rescission costs which would arise from volatility in the market along with the positioning of the Markets business.

The hedging arrangements may be modified, may not hedge all of the risks associated in the structured note population (in existing or modified form), may expire prior to the end of the Rescission Offer and do not cover any other losses arising out of potential private civil claims or enforcement actions. Any of the foregoing could result in material additional losses for the Group.

A contingent liability exists in relation to the over-issuance of ETNs due to evidentiary challenges and the high level of trading in the securities. A contingent liability also exists in relation to any potential civil claims or enforcement actions taken against Barclays Bank PLC, but Barclays Bank PLC is unable to assess the likelihood of liabilities that may arise out of such claims or actions, there is currently no indication of the timetable for resolution and it is not practicable to provide an estimate of the financial effects. Any liabilities, claims or actions in connection with the over-issuance of securities under its 2019 F-3 and predecessor U.S. shelf registration statement could have an adverse effect on Barclays Bank PLC's and the Group's business, financial condition, results of operations and reputation as a frequent issuer in the securities markets."

## Directors

The Directors of the Issuer, each of whose business address is 1 Churchill Place, London E14 5HP, United Kingdom, their functions in relation to the Issuer and their principal outside activities (if any) of significance to the Issuer are as follows:

<u>Name</u>	<u>Function(s)</u>		<u>Principal outside activities</u>
	<u>within the Issuer</u>		
Nigel Higgins	Group Chairman		Chairman and Non-Executive Director, BBPLC; Chairman, Sadler's Wells; Non-Executive Director, Tetra Laval Group
C.S. Venkatakrisnan	Group Executive Executive Director	Chief and	Chief Executive and Executive Director, BBPLC; Board Member, Institute of International Finance; Advisory Member of the Board, Massachusetts Institute of Technology Golub Centre for Finance and Policy
Anna Cross*	Group Director	Finance and	Group Finance Director and Executive Director, Barclays PLC

	Executive Director	
Michael Ashley	Non-Executive Director	Non-Executive Director, BBPLC; Non-Executive Director, Barclays Capital Securities Limited; Member, Cabinet Office Board; Member, ICAEW Ethics Standards Committee; Member, UK Endorsement Board; Treasurer, The Scout Association
Robert Berry	Non-Executive Director	Non-Executive Director, BBPLC; Non-Executive Director, Barclays Capital Securities Limited; Board President, Alina Lodge; Finance Committee Member, Peer Health Exchange
Tim Breedon	Non-Executive Director	Chairman, Barclays Bank Ireland PLC; Chairman, Apax Global Alpha Limited; Non-Executive Director, Quilter PLC
Mohamed A. El-Erian	Non-Executive Director	Non-Executive Director, BBPLC; Lead Independent Director, Under Armour Inc.; Chief Economic Advisor, Allianz SE; Chairman, Gramercy Funds Management; Senior Advisor, Investcorp Bank BSC; President, Queens' College, Cambridge University
Dawn Fitzpatrick	Non-Executive Director	Non-Executive Director, BBPLC; Non-Executive Director, Barclays Capital Securities Limited; Chief Executive Officer and Chief Investment Officer, Soros Fund Management LLC; Member, The New York Federal Reserve's Investor Advisory Committee on Financial Markets; Member, Advisory Board and Investment Committee of the Open Society Foundations' Economic Justice Programme; Member of Advisory Council, The Bretton Woods Committee
Mary Francis	Non-Executive Director	Non-Executive Director, BBPLC; Senior Independent Director, PensionBee Group PLC; Member, UK Takeover Appeal Board
Crawford Gillies	Non-Executive Director	Chairman, Barclays Bank UK PLC; Chairman, Edrington Group
Brian Gilvary	Senior Independent Director and Non-Executive Director	Executive Chairman, INEOS Energy, an INEOS group company
Diane Schueneman	Non-Executive Director	Non-Executive Director, BBPLC; Non-Executive Director, Barclays US LLC; Chair, Barclays Execution Services Limited
Julia Wilson	Non-Executive Director	Group Finance Director, 3i Group PLC; Chair, The 100 Group of FTSE 100 Finance Director

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\* Subject to regulatory approval.

No potential conflicts of interest exist between any duties to the Issuer of the Directors listed above and their private interests or other duties.



## UNITED KINGDOM TAXATION

*The following is a summary of certain material UK withholding taxation matters at the date hereof in relation to payments of principal and interest in respect of the Securities and certain UK stamp duty and stamp duty reserve tax implications of acquiring, holding and disposing of the Securities. Save where expressly stated to the contrary, it is based on current United Kingdom law and the practice of Her Majesty's Revenue & Customs ("HMRC"), (which may not be binding on HMRC and may be subject to change, sometimes with retrospective effect) in each case at the latest practical date before the date of this document. The comments do not deal with other UK tax aspects of acquiring, holding or disposing of the Securities. The comments relate only to the position of persons who are absolute beneficial owners of the Securities and who hold the Securities as investments. The following is a general guide and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that might be relevant to a prospective purchaser. Holders who are in any doubt as to their tax position should consult their professional advisers. Holders who may be liable to taxation in jurisdictions other than the UK in respect of their acquisition, holding or disposal of the Securities are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain UK taxation aspects. In particular, Holders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Securities even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the UK*

### **Payments of Interest**

The Securities issued by the Issuer which carry a right to interest will constitute "quoted Eurobonds" provided they are and continue to be listed on a recognised stock exchange (within the meaning of section 1005 of the Income Tax Act 2007 (the "Act") for the purpose of section 987 of the Act) or admitted to trading on a "multilateral trading facility" operated by a regulated recognised stock exchange within the meaning of section 987 of the Act.

While the Securities are and continue to be quoted Eurobonds, payments of interest on the Securities may be made without withholding or deduction for or on account of UK income tax.

The Issuer's understanding is that the ISM is a multilateral trading facility operated by a regulated recognised stock exchange for the purposes of section 987 of the Act.

Under current UK legislation, if the exemption referred to above does not apply, interest on the Securities may fall to be paid under deduction of UK income tax at the basic rate (currently 20%) unless: (i) another relief applies under domestic law; or (ii) the Issuer has received a direction to the contrary from HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

### **Other considerations**

Where interest has been paid under deduction of UK income tax, Holders who are not resident in the UK for tax purposes may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in UK tax law. The statements above do not take account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Securities or any related documentation.

The above description of the UK withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

### **Stamp duty and stamp duty reserve tax**

1. The Finance Act 2019 introduced a new regime for hybrid capital instruments (the "**HCI rules**"). The HCI rules contain an exemption from all stamp duties on transfer so that no liability to UK stamp duty or stamp duty reserve tax should arise on the issue or transfer of the Securities *provided that* the Securities each constitute a "hybrid capital instrument" for the purposes of the HCI rules and there are no arrangements, the main purpose, or one of the main purposes, of which is to secure a tax advantage.

The Securities should constitute "hybrid capital instruments" for the purposes of the HCI rules *provided that*:

- the Issuer is entitled to defer or cancel a payment of interest under the Securities;
- the Securities "have no other significant equity features"; and
- the Issuer has made an election in respect of the Securities.

The Securities would "have no other significant equity features" *provided that*:

- the Securities carry neither significant voting rights in the Issuer nor a right to exercise a dominant influence over the Issuer;
- any provision in the Securities for altering the amount of the principal is limited to write-down or conversion events in certain qualifying cases and that is not a right exercisable by the holders; one of the qualifying cases is where a provision is included solely because of a need to comply with a regulatory or other legal requirement; and
- any provision for the holder to receive anything other than interest or principal is limited to conversion events in qualifying cases.

The Issuer will make a hybrid capital election in respect of the Securities within the required timeframe pursuant to section 475C of the Corporation Tax Act 2009 and the Securities are not being issued in consequence of, or otherwise in connection with, any arrangements, the main purpose, or one of the main purposes of which, is to secure a tax advantage. Consequently, the Issuer expects that the HCI rules should apply to the Securities such that they would benefit from the exemption from all stamp duties.

2. No liability to UK stamp duty or stamp duty reserve tax will generally arise on a cash redemption of Securities, *provided* no issue or transfer of shares or other securities is effected upon or in connection with such redemption.
3. No liability to UK stamp duty or stamp duty reserve tax will arise for a Holder on the release of Securities on Automatic Conversion.
4. No liability to UK stamp duty or stamp duty reserve tax will arise for a Holder on the issuance of new ordinary shares in Barclays PLC by Barclays PLC to the Holders under an Automatic Conversion.
5. UK stamp duty and stamp duty reserve tax may be payable in relation to a Conversion Shares Offer.

## SUBSCRIPTION AND SALE

Barclays Bank PLC (the "**Bookrunner**"), Banco Bilbao Vizcaya Argentaria, S.A., BNP Paribas, Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, ING Bank N.V., J.P. Morgan Securities plc, Natixis, SMBC Nikko Capital Markets Limited, Standard Chartered Bank, The Toronto-Dominion Bank, UBS AG London Branch and UniCredit Bank AG (together, the "**Joint Lead Managers**") and Australia and New Zealand Banking Group, Banco de Sabadell, S.A., Banco Santander, S.A., Bank of Montreal, London Branch, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Landesbank Baden-Württemberg, MUFG Securities EMEA plc, Skandinaviska Enskilda Banken AB (publ), Société Générale, Swedbank AB (publ) and Wells Fargo Securities, LLC (together, the "**Co-Lead Managers**" and, together with the Bookrunner and the Joint Lead Managers, the "**Managers**") have, in a subscription agreement dated 27 June 2022 (the "**Subscription Agreement**") and made between the Issuer and the Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Securities at their issue price of 100 per cent. of their principal amount less commission. The Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Securities.

### United States of America

The Securities have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

Each Manager has agreed in the Subscription Agreement that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Securities, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Securities, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

In relation to securities which are being offered and sold outside the United States in reliance on Regulation S only (such as the Securities), there are restrictions on the Issuer and its affiliates (including Barclays Bank PLC (in its role as Bookrunner)) making sales of securities in the United States, including for market making purposes.

### United Kingdom

Each Manager has further represented, warranted and undertaken in the Subscription Agreement that, in connection with the distribution of the Securities, directly or indirectly:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the UK.

### Prohibition of Sales to EEA Retail Investors

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the EEA. For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

- (b) a customer within the meaning of Directive (EU) 2016/97 where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Prohibition of Sales to UK Retail Investors**

Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Securities to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA.

### **Singapore**

Each Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Manager has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## Hong Kong

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMPO)**") or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "**professional investors**" as defined in the SFO and any rules made under the SFO.

## Japan

The Securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**") and, accordingly, each Manager has represented and agreed in the Subscription Agreement that it will not offer or sell any Securities directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan or to others for re-offering or resale, directly or indirectly, in Japan or to any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and other relevant laws and regulations of Japan. As used in this paragraph, "**resident of Japan**" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the "**Corporations Act**")) in relation to the Securities has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission ("**ASIC**") or any other regulatory authority in Australia. Each Manager has represented and agreed that it:

- (a) has not (directly or indirectly) offered or invited applications, and will not offer or invite applications, for the issue, sale or purchase of, any Securities in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, the Offering Circular or any other offering material or advertisement relating to the Securities in Australia,

unless:

- (i) the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act and complies with the terms of any consent granted under the Banking Act of 1959 of Australia;
- (ii) the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- (iii) such action complies with all applicable laws, regulations and directives in Australia (including without limitation, the licensing requirements set out in Chapter 7 of the Australian Corporations Act); and
- (iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

This Offering Circular is not, and under no circumstances is to be construed as, an advertisement or public offering of any Securities in Australia.

In addition, each Manager has represented and agreed that all offers, invitations and transfers by such Manager which occur within Australia are to be in parcels of not less than A\$500,000 in aggregate principal amount. Such restriction does not apply to transfers which occur outside Australia.

### **Canada**

The Securities may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

### **General**

Each Manager has represented, warranted and agreed in the Subscription Agreement that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Securities or possesses, distributes or publishes this Offering Circular or any other offering material relating to the Securities. Persons into whose hands this Offering Circular comes are required by the Issuer and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Securities or possess, distribute or publish this Offering Circular or any other offering material relating to the Securities, in all cases at their own expense.

### **Other Relationships**

Some of the Managers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or the Issuer's affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or of its affiliates. Certain of the Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially the Securities. Any such short positions could adversely affect future trading prices of the Securities. The Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## GENERAL INFORMATION

### 1. **Authorisation**

The creation and issue of the Securities has been authorised by the Board at a meeting held on 28 March 2018 and by the approval of the Group Finance Director dated 21 June 2022.

### 2. **Legal Proceedings and Regulatory Matters**

Save as disclosed in the sub-section entitled "*Description of the Issuer and the Group – Legal Proceedings*", no member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have or have had during the 12 months preceding the date of this Offering Circular, a significant effect on the financial position or profitability of the Issuer and/or the Group.

### 3. **Significant Change**

There has been no significant change in the financial or trading position of the Issuer or the Group since 31 March 2022.

### 4. **Material Change**

Since 31 December 2021, there has been no material adverse change in the prospects of the Issuer or the Group.

### 5. **Auditors**

The annual consolidated accounts of the Issuer for the years ended 31 December 2020 and 31 December 2021 have each been audited with an unmodified opinion provided by KPMG LLP, chartered accountants and registered auditors (a member of the Institute of Chartered Accountants in England and Wales), of 15 Canada Square, London E14 5GL, United Kingdom.

### 6. **Documents on Display**

Copies of the following documents may be inspected during normal business hours at Barclays Treasury, 1 Churchill Place, London E14 5HP United Kingdom and by appointment at the registered specified office of the Principal Paying Agent, at One Canada Square, London, E14 5AL, United Kingdom (or at the Principal Paying Agent's option such inspection may be provided electronically), for 12 months from the date of this Offering Circular. In the case of (a) and (b) below, these documents shall also be available in electronic form at <https://home.barclays/investor-relations/>:

- (a) the Articles of Association of the Issuer;
- (b) the Annual Reports, the Q1 2022 Results Announcement, the Over-issuance Announcement, the 2021 Form 20-F Restatement Announcement and the Form 20-F Amendment Announcement;
- (c) the Trust Deed; and
- (d) the Agency Agreement.

For the avoidance of doubt, unless specifically incorporated by reference into this Offering Circular, information contained on the above websites does not form part of this Offering Circular.

### 7. **Security Codes**

The Securities have been accepted for clearance through the Clearing Systems. The ISIN is XS2492482828 and the common code is 249248282. The Legal Entity Identifier (LEI) of the Issuer is 213800LBQA1Y9L22JB70.

The ordinary shares of Barclays PLC are listed on the Official List of the FCA and trade on the London Stock Exchange under the symbol "**BARC**". The ISIN for the ordinary shares of Barclays PLC is GB0031348658. Information about the past and future performance of the ordinary shares of Barclays PLC and its volatility can be obtained from the website of the London Stock Exchange at [www.londonstockexchange.com](http://www.londonstockexchange.com).



**PRINCIPAL OFFICE OF THE ISSUER**

**Barclays PLC**  
1 Churchill Place  
London E14 5HP  
United Kingdom

**PRINCIPAL PAYING AGENT AND CALCULATION AGENT**

**The Bank of New York Mellon, London Branch**  
One Canada Square  
London E14 5AL  
United Kingdom

**TRUSTEE**

**BNY Mellon Corporate Trustee Services Limited**  
One Canada Square  
London E14 5AL  
United Kingdom

**REGISTRAR**

**The Bank of New York Mellon SA/NV, Luxembourg Branch**  
Vertigo Building – Polaris  
2-4 rue Eugène Ruppert  
L-2453 Luxembourg

**LEGAL ADVISERS**

*To the Issuer as to English law and United Kingdom tax law:*

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10 Upper Bank Street  
London E14 5JJ  
United Kingdom

*To the Managers and to the Trustee as to English law:*

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One Silk Street  
London EC2Y 8HQ  
United Kingdom