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this margin

COMPANIES FORM No. 128(1)

Statement of rights attached to allotted shares

128(1)

Pursuant to section 128(1) of the Companies Act 1985

Please complete
legibly, preferably in
black type, or bold
block letteringTo the Registrar of Companies
(address overleaf)

For official use

Company Number

--	--

2065

Name of company

* Insert full name of
company

* LLOYDS TSB BANK plc

has allotted shares with rights which:

- are not stated in the company's memorandum or articles or in any resolution or agreement to which section 380 of the above Act applies, and
- are not in all respects uniform with those attached to shares previously allotted.

† delete as
appropriate

The class[es]† of such shares and the date of the first allotment of shares in each class and the rights attached to each class are:

Class of Shares	Date of first allotment
Series III Preference	30 January 2009
Description of Rights The rights attaching to the €0.25 7.875% Non-cumulative Callable Preference shares are set out in the attached appendix and the articles of association of the company.	

‡ Insert Director,
Secretary,
Administrator,
Administrative
Receiver or
Receiver
(Scotland) as
appropriate

Signed



Designation ‡

Deputy
Secretary

Date

10.2.2009

Presenter's name, address
and reference (if any):MR. H.F. BAINES
25 GRESHAM STREET
LONDON
EC2V 7HN

For official use (02/06)

General Section

Post room



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24/02/2009

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COMPANIES HOUSE



Notes:

The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

DX: 33050 Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB

DX: 235 or LP - 4 Edinburgh 2

Description of the Lloyds TSB Bank plc 7.875% Euro Preference Shares

The principal rights attaching to the Euro Preference Shares are as summarised below. Defined terms used herein have the meanings given to such terms under "Definitions" below, unless otherwise defined.

1 General

The Euro Preference Shares will rank equally among themselves and with the Parity Securities and any other class of non-cumulative preference shares in the capital of the Company (excluding the Series II Preference Shares) as regards participation in the Company's profits and on a return of capital or a winding-up. The Euro Preference Shares will rank senior to the Company's Junior Share Capital as regards participation in the Company's profits and on a return of capital or a winding up. The Euro Preference Shares will rank subordinate and junior to the 1985 Preference Share and the Series II Preference Shares as regards participation in the Company's profits and on a return of capital or a winding-up.

Pursuant to the Articles, the Euro Preference Shares will constitute Series III Preference Shares in the share capital of the Company and will be issued in definitive registered form. Title to the Euro Preference Shares will pass by transfer and registration in the register of members of the Company in accordance with the Articles and applicable law.

No fee is payable to the Company for transferring shares and any registration of a transfer is subject in all respects to the Articles.

2 Dividends

2.1 Non-cumulative preferential dividends on the Euro Preference Shares will accrue from the date the Company issues the Euro Preference Shares. The Company will pay dividends when, as and if declared by the board of directors of the Company (the "**Board of Directors**") or a duly authorised committee of the Board of Directors (the "**Committee**"). Subject to the discretions, limitations and qualifications set out herein, each Euro Preference Share shall entitle the holder thereof to receive out of the distributable profits of the Company a non-cumulative preferential dividend (the "**Preference Dividend**"), in priority to the payment of any dividend to the holders of any class of Junior Share Capital and *pari passu* in such regard with the holders of any other class of non-cumulative preference shares in the capital of the Company (excluding the Series II Preference Shares) or other Parity Securities and subordinate and junior to the payment of any dividend to the holders of the 1985 Preference Share and the Series II Preference Shares. Such dividends will be paid to those holders of Euro Preference Shares whose names appear on the register of members of the Company on the date stated in the resolution passed by the Board of Directors or the Committee for payment of the Preference Dividend (if any).

2.2 From and including the Issue Date, the Preference Dividend shall, save as provided below in respect of the first Preference Dividend, accrue at a rate of 7.875 per cent. per annum on the liquidation preference in respect of each Euro Preference Share outstanding payable, subject as provided below, annually in arrear in Euro on 29 November in each year (a "**Dividend Payment Date**") when, as and if declared by the Board of Directors or the Committee. In respect of the first Dividend Payment Date on 29 November 2009, the dividend payable will, subject to the limitations and qualifications set out herein and at the sole discretion of the Board of Directors or the Committee, amount to €65.37 per Euro Preference Share. Thereafter, the Preference Dividend during any full annual Dividend Period will amount to €78.75 per Euro Preference Share. For the purposes hereof, "liquidation preference" means, in relation to each Euro Preference Share, an amount of €1,000. The amount of dividend accruing in respect of any Calculation Period (other than a full annual Dividend Period) will be calculated on the basis

of the actual number of days in the period from (and including) the most recent Dividend Payment Date to (but excluding) the relevant payment date divided by the actual number of days in the period from (and including) the most recent Dividend Payment Date to (but excluding) the next scheduled Dividend Payment Date, the number of days elapsed and, in the case of the first Dividend Period, on the assumption that €13.38 per Euro Preference Share to be determined on the basis of the period from, and including, 29 November 2008 to, but excluding, the Issue Date of interest had already accrued as at the Issue Date.

3 Declaration of Dividends

If, in the opinion of the Board of Directors or the Committee, the distributable profits of the Company are (following payment of amounts (if any) due to the holders of the 1985 Preference Share and/or the Series II Preference Shares on such date) sufficient to cover the payment, in full, of dividends accrued on the Euro Preference Shares during the Dividend Period immediately preceding the relevant Dividend Payment Date and also the payment in full of all other dividends and other amounts stated to be payable on such date on any other class of non-cumulative preference shares in the capital of the Company (excluding the Series II Preference Shares) or any Parity Securities in issue (including any arrears of dividends or other amounts on any such Parity Securities which have rights to cumulative dividends or other amounts), the Board of Directors or the Committee may:

- (a) declare and pay in full Preference Dividends on the relevant Dividend Payment Date; or
- (b) in their sole and absolute discretion resolve at least 20 Business Days prior to the relevant Dividend Payment Date that no Preference Dividend shall be declared and paid or that a Preference Dividend on the Euro Preference Shares shall be declared and paid only in part.

Notwithstanding the Board of Directors' or the Committee's discretion described in (a) and (b) above, subject always to the existence of sufficient distributable profits as described in the first paragraph of this section and subject to the immediately following paragraph, Preference Dividends will be mandatorily payable as described under "Payment of Dividends" on each Dividend Payment Date upon which (i) a Capital Disqualification Event has occurred and (ii) the Company is in compliance with its Applicable Regulatory Capital Requirements.

If, however, in the opinion of the Board of Directors or the Committee, the payment of any Preference Dividend would breach or cause a breach of the capital adequacy requirements of the FSA that apply at that time to the Company and/or any of its subsidiaries, then no Preference Dividend shall be declared or paid unless the FSA confirms that it has no objection to such declaration or payment.

If, at least 20 Business Days prior to a Dividend Payment Date, the Board of Directors or the Committee considers that the distributable profits of the Company are (following payment of amounts (if any) due to the holders of the 1985 Preference Share and/or the Series II Preference Shares on such date) insufficient to cover the payment in full of Preference Dividends and also the payment in full of all other dividends or other amounts stated to be payable on such Dividend Payment Date on any other class of non-cumulative preference shares in the capital of the Company (excluding the Series II Preference Shares) or any Parity Securities (including any arrears of dividends and other amounts on any such Parity Securities which have rights to cumulative dividends or other amounts), then, subject as provided above on the restrictions relating to the Company's capital adequacy requirements, the Board of Directors or the Committee may declare a reduced Preference Dividend. This will be paid in proportion to the dividends and other amounts which would have been due on the Euro Preference Shares and any other shares and other instruments of the Company on such Dividend Payment Date which are expressed to rank equally with the Euro Preference Shares

as regards participation in profits (including any arrears of dividends and other amounts on any such Parity Securities which have rights to cumulative dividends or other amounts) if there had been sufficient profit.

As soon as practicable after resolving that no Preference Dividend shall be declared and paid or that it shall be declared and paid only in part, the Board of Directors or the Committee shall give notice thereof to the holders of the Euro Preference Shares.

4 Payment of Dividends

The Company will pay Preference Dividends out of its distributable profits in Euro, calculated on the liquidation preference of €1,000 per Euro Preference Share.

Any such Preference Dividend may be paid by any bank or other funds transfer system or, if agreed by the Company, such other means and to or through such person as the holder may in writing direct.

If payment in respect of the Euro Preference Shares into any such bank account is to be made on a Dividend Payment Date or Redemption Date which is not a Business Day, then payment of such amount will be made on the next succeeding Business Day, without any interest or payment in respect of such delay.

Payment on redemption will be against presentation and surrender of the relative certificate at the place or at one of the places specified in the notice of redemption.

Payments in respect of amounts payable by way of Preference Dividend and on redemption of the Euro Preference Shares will be subject in all cases to any applicable fiscal or other laws and other regulations.

Preference Dividends will be non-cumulative and, to the extent that the Board of Directors or the Committee does not declare a Preference Dividend or any part of a Preference Dividend payable on a Dividend Payment Date, then holders of Euro Preference Shares will have no claim in respect of the non-payment. Except as described in this description of the Euro Preference Share rights, the holders of the Euro Preference Shares will have no right to participate in the Company's profits.

Any Preference Dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board of Directors so resolves, be forfeited and shall revert to the Company.

5 Restrictions on Dividends and Redemption

If the Company has not declared or paid in full a Preference Dividend stated to be payable as a result only of the exercise of the discretion of the Board of Directors or the Committee, then the Company shall not during the Stopper Period:

- (a) redeem, purchase, cancel, reduce or otherwise acquire in any other way any Junior Share Capital or the Series II Preference Shares (save where those shares or securities being redeemed, purchased or acquired are replaced contemporaneously by an issue of shares or securities of the same aggregate principal amount and the same ranking on a return of assets on a winding-up or administration or in respect of a distribution or payment of dividends and/or any other amounts thereunder to those shares or securities being redeemed, purchased or acquired); or
- (b) declare, or pay or set aside any sum for payment of any distribution or dividend or make any other payment (other than a dividend declared, paid or distributed or payment made by the Company to the Parent, any holding company of the Parent or to

another wholly-owned subsidiary of the Parent on any securities other than the Series II Preference Shares) on, and will procure that no distribution or dividend or other payment is made on, any Junior Share Capital or the Series II Preference Shares.

6 Rights upon Liquidation

On a return of capital or distribution of assets, whether or not on a winding-up (but other than a redemption or purchase by the Company of any of its share capital permitted by its Articles and under applicable law), holders of Euro Preference Shares will rank in the application of the assets of the Company available to Shareholders: (1) equally in all respects with holders of the most senior class of preference shares and any other class of shares of the Company in issue or which may be issued by the Company which are expressed to rank equally with the Euro Preference Shares (which, for the avoidance of doubt, exclude the 1985 Preference Share and the Series II Preference Shares), (2) subordinate and junior to holders of the 1985 Preference Share and the Series II Preference Shares and (3) in priority to the holders of any other share capital of the Company (including the Junior Share Capital).

Subject to such ranking, in such event holders of the Euro Preference Shares will be entitled to receive out of the surplus assets of the Company remaining after payment of the Company's prior-ranking liabilities a sum equal to the aggregate of: (1) €1,000 per Euro Preference Share, (2) the amount of any Preference Dividend which is due for payment on or after the date of commencement of the winding-up or other return of capital but which is payable in respect of a period ending on or before such date and (3) the proportion of any Preference Dividend (whether or not declared or earned) that would otherwise be payable and is not otherwise paid in respect of any period that begins before, but ends after, the date of commencement of the winding-up or other return of capital and which is attributable to the part of the period that ends on such date. In respect of any such Preference Dividend, the amount of Preference Dividend shall accrue on the same basis as is set out in "Dividends" above. If, upon any return of capital or distribution of assets, the amounts available for payment (following the payment of all amounts due to the holders of the 1985 Preference Share and the Series II Preference Shares) are insufficient to cover the amounts payable in full on the Euro Preference Shares and any Parity Securities, the holders of the Euro Preference Shares and the holders of such Parity Securities will share rateably in the distribution of surplus assets (if any) of the Company in proportion to the full amounts to which they are respectively entitled.

After payment of the full amount of the liquidation distribution to which they are entitled, the holders of the Euro Preference Shares will have no claim on any of the Company's remaining assets and will not be entitled to any further participation in the return of capital. If there is a sale of all or substantially all of the Company's assets, the distribution to the Shareholders of all or substantially all of the consideration for the sale, unless the consideration, apart from assumption of liabilities, or the net proceeds consists entirely of cash, will not be deemed a return of capital in respect of the Company's liquidation, dissolution or winding-up.

7 Redemption

Subject to the Articles (including the restrictions described under "Restrictions on Dividends and Redemption" above), to the provisions of the Companies Acts and all other laws and regulations applying to the Company and to confirmation from the FSA that it has no objection to the redemption (if such confirmation is required, in which case the FSA may impose conditions on the redemption), the Company may, at its option, redeem all but not some only of the Euro Preference Shares on or after 29 November 2013 (the "First Call Date"). The Redemption Price shall be paid on each Euro Preference Share so redeemed.

If the Euro Preference Shares are to be redeemed, the Company must give a written notice of redemption (a "**Redemption Notice**"), which notice will be irrevocable, to the holders (in accordance with Condition 13) of the Euro Preference Shares, not less than 30 days nor more than 60 days prior to the Redemption Date. The Redemption Notice will specify (i) the Redemption Date, (ii) the Redemption Price (specifying the amount of the accrued but unpaid dividend to be paid) and (iii) in the case of Euro Preference Shares held in certificated form, the place or places where holders may surrender share certificates in respect of such Euro Preference Shares and where payment of the Redemption Price will be made. No defect in the Redemption Notice or in its service will affect the validity of the redemption proceedings.

Payments in respect of the amount due on redemption of a Euro Preference Share will be made by the same methods as described in "Payment of Dividends". Any such amount which has remained unclaimed for 12 years from the date when it became due for payment shall be forfeited and shall revert to the Company.

From the Redemption Date, the Preference Dividend will cease to accrue on the Euro Preference Shares except on any Euro Preference Share in respect of which payment of the Redemption Price due on the Redemption Date is improperly withheld or refused. In such case, the Preference Dividend will be deemed to have continued and will accordingly continue to accrue at the rate which would have applied but for the redemption, as described under "Payment of Dividends" above, from the Redemption Date to the actual date of payment of the Redemption Price. Such Euro Preference Share will not be treated as having been redeemed until the Redemption Price, including accrued Preference Dividend, has been paid.

A receipt given by the holder for the time being of any Euro Preference Shares (or in the case of joint holders by the first-named joint holder) in respect of the amount payable on redemption of such Euro Preference Shares will constitute an absolute discharge to the Company.

8 Substitution

Subject to the Articles (including the restrictions described under "Restrictions on Dividends and Redemption" above), the provisions of the Companies Acts and all other laws and regulations applying to the Company and to prior confirmation from the FSA that it has no objection (if such confirmation is required, in which case, the FSA may impose conditions on the variation, redemption or substitution), the Company may substitute the Euro Preference Shares in whole, but not in part, with either (i) Qualifying Tier 1 Securities or (ii) Qualifying Upper Tier 2 Securities subject to all applicable regulatory requirements as may be in force from time to time prior to the applicable Substitution Date. Subject to the above, the Company may substitute the Euro Preference Shares at any time without any requirement for consent or approval of the holders of the Euro Preference Shares.

Upon such substitution or variation, each Euro Preference Share shall be varied to constitute, exchanged for, or redeemed by, one Qualifying Tier 1 Security or, as the case may be, Qualifying Upper Tier 2 Security or the proceeds of redemption of the Euro Preference Share shall be mandatorily applied to the subscription or purchase of one Qualifying Tier 1 Security or, as the case may be, Qualifying Upper Tier 2 Security so issued.

The Company must give a written notice of substitution to the holders of the Euro Preference Shares, not less than 30 days nor more than 60 days prior to the Substitution Date. Prior to a variation into, substitution for or issue of the relevant securities pursuant to the foregoing provisions, the Company must first deliver to the registrar a certificate, which shall be available for inspection by holders of the Euro Preference Shares, signed by two Directors, certifying that the securities to be offered in substitution for the Euro Preference Shares are not materially less favourable to an investor than the terms of the Euro Preference Shares (as reasonably determined by the Company).

9 Voting

Subject to the next paragraph immediately below, holders of Euro Preference Shares will only be entitled to receive notice of and to attend any general meeting of Shareholders and to speak or vote upon any resolution proposed at such meeting if a resolution is proposed either varying or abrogating any of the rights and restrictions attached to the Euro Preference Shares or to wind up, or in relation to the winding up of, the Company (and then in each such case only to speak and vote upon any such resolution).

If on the applicable Dividend Payment Date immediately preceding the date of notice of any general meeting of Shareholders, the Preference Dividend has not been declared and paid in full, holders of the Euro Preference Shares will be entitled to receive notice of, attend, speak at and to vote upon all resolutions proposed at such general meeting. In these circumstances only, the rights of the holders of the Euro Preference Shares so to receive notice of, attend, speak at and vote will continue until the Company has resumed the payment in full of Preference Dividends.

On a show of hands, every holder of Euro Preference Shares who is entitled to vote or any proxy (other than the chairman of the meeting in his or her capacity as proxy) or a corporate representative for that holder, in each case who is present in person, will have one vote. On a poll, each holder of Euro Preference Shares who is entitled to vote and who is present in person, by proxy or by corporate representative, will have one vote for each €0.25 of nominal value of Euro Preference Shares of which he or she is the holder.

Other provisions in the Articles relating to voting rights and procedures also apply to the Euro Preference Shares.

10 Purchase of own shares

Subject to the Articles, the provisions of the Companies Acts, all other laws and regulations applying to the Company and the rights conferred on any other class of shares of the Company described under "Restrictions on Dividends and Redemption" above and confirmation from the FSA that it has no objection to the purchase (for so long as the Company is required to obtain such confirmation), the Company may at any time and from time to time (subject to the payment in full of the Preference Dividend on the immediately preceding Dividend Payment Date) purchase any Euro Preference Shares in issue as the Board of Directors or the Committee may determine. Any such Euro Preference Shares purchased by or on behalf of the Company may be held, reissued, resold or, at the option of the Company, cancelled by the Company.

11 Form and Denomination

The Euro Preference Shares will, when issued, be fully paid and, as such, will not be subject to a call for any additional payment. For each Euro Preference Share issued, an amount equal to its nominal value of €0.25 will be credited to the Company's issued share capital account and an amount of €999.75, being the difference between its nominal value and its issue price, will be credited to the Company's share premium account.

12 Variation of Rights

If applicable law permits, the rights, preferences and privileges attached to Euro Preference Shares may be varied or abrogated only with the written consent of the holders of 75 per cent. in nominal value of the outstanding Euro Preference Shares or with the sanction of an extraordinary resolution passed at a separate class meeting of the holders of the outstanding Euro Preference Shares. An extraordinary resolution will be adopted if passed by a majority of 75 per cent. of those holders voting in person or by proxy at the meeting. The quorum required

for any such class meeting will be two persons at least holding or representing by proxy one-third in nominal amount of the outstanding Euro Preference Shares affected, except at any adjourned meeting where this quorum requirement is not met, where any two holders present in person or by proxy will constitute a quorum.

The written consent of the holders of 75 per cent. in nominal value of the outstanding Euro Preference Shares or the sanction of an extraordinary resolution passed at a separate class meeting of holders of the outstanding Euro Preference Shares will be required if the Board of Directors propose to authorise, create or increase the amount of any shares of any class or any security convertible into shares of any class ranking as regards rights to participate in the Company's profits or assets, in priority to the Euro Preference Shares.

If the Company has paid the most recent Preference Dividend payable in full, the rights attached to the Euro Preference Shares will not be deemed to be varied by the creation or issue of any further non-cumulative preference shares or of any other further shares ranking equally as regards participation in the Company's profits or assets with, or junior to, the Euro Preference Shares, whether carrying identical rights or different rights in any respect, including as to dividend, premium on a return of capital, redemption or conversion and whether denominated in sterling or any other currency.

13 Notices

Notices given by the Company will be given by the registrar on its behalf unless the Company decides otherwise. A notice may be given by the Company to any holder by sending it by post to the holder's registered address. Service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected on the day after the letter containing the same is posted. Where a holder's registered address is outside the United Kingdom, all notices shall be sent to him by air mail post.

14 No Additional Amounts

If at any time the Company is required by a tax authority to deduct or withhold taxes from payments made by the Company with respect to the Euro Preference Shares, the Company will not pay additional amounts. As a result, the net amount received from the Company by each holder of a Euro Preference Share, after the deduction or withholding, will be less than the amount the holder would have received in the absence of the deduction or the withholding.

15 Governing Law

The creation and issuance of the Euro Preference Shares and the rights attached to them shall be governed by and construed in accordance with the laws of England and Wales.

16 Registrar and Paying Agent

The Company's company secretarial department will maintain the register and will act as registrar and paying agent.

The Company reserves the right at any time to appoint an additional or successor registrar or paying agent. Notice of any change of registrar or paying agent will be given to holders of the Euro Preference Shares.

17 Further Issues

Subject to the provisions set out in "Variation of Rights", the Company may, at any time and from time to time, and without any consent or sanction of the holders of the Euro Preference

Shares, create or issue further preference shares or other share capital ranking equal or junior to the Euro Preference Shares. The creation or issuance of further preference shares or other share capital ranking equally with the Euro Preference Shares will not be deemed to alter, vary, affect, modify or abrogate any of the rights attaching to the Euro Preference Shares. These rights will not be deemed to be varied by any change to the provisions in the Articles, other than a change which would result in any further preference shares or other share capital ranking senior to the Euro Preference Shares. Any further series of preference shares or other share capital ranking equal or junior to the Euro Preference Shares may either carry identical rights in all respects with the Euro Preference Shares (except as regards the date from which such shares rank for dividend) or carry different rights.

18 Definitions

"1985 Preference Share" means the one cumulative preference share of £1.00 of the Company;

"Applicable Regulatory Capital Requirements" means any requirements contained in Capital Regulations for the maintenance of capital from time to time applicable to the Company on a solo and/or consolidated basis, including transitional rules and waivers;

"Articles" means the articles of association of the Company;

"Business Day" means, (i) a day other than a Saturday or Sunday on which Euroclear and Clearstream, Luxembourg or any other relevant clearing system are operating, (ii) a day on which banks and foreign exchange markets are open for general business in London; and (iii) (if payment is to be made on that day) a day on which the TARGET System is operating;

"Capital Disqualification Event" shall be deemed to have occurred if (a) the Euro Preference Shares would cease to be eligible to qualify (save where such non-qualification is only as a result of any applicable limitation on the amount of such capital) as regulatory capital for the Company under Applicable Regulatory Capital Requirements and (b) the FSA has confirmed to the Company that the Euro Preference Shares would cease to be eligible to qualify as regulatory capital for the Company;

"Capital Regulations" means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the FSA or other relevant regulator;

"Companies Acts" means the Companies Act 1985 and the Companies Act 2006 (in each case as amended from time to time);

"Company" means Lloyds TSB Bank plc;

"Directors" means the directors of the Company who make up its board of directors;

"distributable profits" has the meaning given to it in Part 23 of the Companies Act 2006 (as amended or re-enacted from time to time) as, in general terms and subject to adjustment, accumulated realised profits less accumulated realised losses;

"Dividend Period" means the period from and including the most recent Dividend Payment Date (or the Issue Date) to but excluding the next proceeding Dividend Payment Date;

"Euro Preference Shares" means the 500,000 7.875 per cent. non-cumulative callable euro denominated Series III Preference Shares of the Company each having a nominal value of €0.25 and a liquidation preference of €1,000;

"FSA" means the Financial Services Authority or such other governmental authority in the United Kingdom (or if the Company becomes domiciled in a jurisdiction other than the United Kingdom, in such other jurisdiction) having primary bank supervisory authority;

"Issue Date" means 30 January 2009;

"Junior Share Capital" means the ordinary shares, or any other shares ranking, or expressed to rank junior to the Euro Preference Shares, (either issued directly by the Company or by a subsidiary undertaking and the terms of which securities benefit from a guarantee or support agreement of the Company ranking or expressed to rank junior to the Euro Preference Shares);

"Parent" means Lloyds Banking Group plc;

"Parity Securities" means each of the Series III Preference Shares (including, without limitation, (i) the 600,000 floating rate series III preference shares of £0.25 each issued on 26 August 2008 and the 1,000,000 floating rate series III preference shares of U.S.\$0.25 issued on 15 September 2008 and (ii) the 1,250,000 7.875 per cent. series III preference shares of U.S.\$0.25 each issued on the same date as the Euro Preference Shares) and the most senior ranking class or classes of non-cumulative preference shares in the capital of the Company from time to time and any other obligations ranking or expressed to rank *pari passu* with the Euro Preference Shares other than the 1985 Preference Share and the Series II Preference Shares;

"Qualifying Tier 1 Securities" means securities whether debt, equity or otherwise, issued directly or indirectly by the Company that have terms not materially less favourable to a holder of Euro Preference Shares, as reasonably determined by the Company, than the terms of the Euro Preference Shares, provided that they shall (1) include a ranking at least equal to that of the Euro Preference Shares, (2) have the same dividend or distribution rate or rate of return and Dividend Payment Dates from time to time applying to the Euro Preference Shares, (3) have the same redemption dates as the Euro Preference Shares, (4) be issued in an amount at least equal to the total number of Euro Preference Shares multiplied by €1,000, (5) comply with the then current requirements of the FSA in relation to Tier 1 Capital, and (6) preserve any existing rights under the Euro Preference Shares to any accrued dividend which has not been paid in respect of the period from (and including) the Dividend Payment Date last preceding the Substitution Date to (but excluding) the Substitution Date.

"Qualifying Upper Tier 2 Securities" means securities issued directly or indirectly by the Company that:

- (a) have terms not materially less favourable to a holder of Euro Preference Shares, as reasonably determined by the Company, than the terms of the Euro Preference Shares provided that (1) they shall contain terms which comply with the then current requirements of the FSA in relation to Upper Tier 2 Capital; (2) they provide for the same rate of return, (3) they shall rank senior to, or *pari passu* with, the Euro Preference Shares; and (4) such securities shall preserve any existing rights under the Euro Preference Shares to any accrued dividend which has not been paid; and
- (b) do not have terms such that (x) the Company would not, as a result of the Qualifying Upper Tier 2 Securities being in issue, be able to have losses or deductions set against the profits, or profits offset by the losses or deductions, of companies with which it is or would otherwise be grouped for United Kingdom tax purposes or (y) the holders of such Qualifying Upper Tier 2 Securities would constitute "equity holders" of the Company for United Kingdom tax purposes.

"Redemption Date" means the date on which the Euro Preference Shares are called for redemption in accordance with paragraph 7 above;

"Redemption Price" means the liquidation preference of €1,000 per Euro Preference Share to be redeemed together with any dividends on such Euro Preference Shares accrued but unpaid

since the immediately preceding Dividend Payment Date (or, if none accrued, assumed in accordance with paragraph 2.2 above to be accrued, but unpaid since the Issue Date);

"Series II Preference Shares" means the 100 6.00 per cent. non-cumulative redeemable preference shares of £1.00 each of the Company;

"Series III Preference Shares" has the meaning ascribed to it in the Articles;

"Shareholder" means a holder of the Company's shares;

"Stopper Period" means with respect to any Dividend Payment Date or the equivalent term in respect of any Parity Security, one calendar year from and including the earlier of the date (i) on which a full Dividend is not paid on the Euro Preference Shares or (ii) on which a full scheduled dividend or distribution on any Parity Security has not been paid;

"Substitution Date" means the date on which the Euro Preference Shares are to be substituted, varied or exchanged in accordance with paragraph 8 above and as determined by the Board of Directors or the Committee;

"Tier 1 Capital" has the meaning given to it by the FSA from time to time; and

"Upper Tier 2 Capital" has the meaning given to it by the FSA from time to time.