

No. SC218813

The Companies Act 2006

Company Limited by Shares

ARTICLES OF ASSOCIATION

as adopted by special resolution passed on 1 March 2022

of

HBOS PLC

(incorporated on 3 May 2001)



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of

HBOS plc (the "Company")

Preliminary

1 Default Articles not to apply

Neither the regulations in The Companies (Model Articles) Regulations 2008 nor Table A in The Companies (Tables A to F) Regulations 1985 nor any other articles or regulations prescribing the form of articles which may apply to companies under the legislation or any former enactment relating to companies shall apply to the Company.

Part 1

Interpretation and Limitation of Liability

2 Defined terms

2.1 In the Articles, unless the context requires otherwise:

"Additional Preference Shares" means Further Preference Shares which rank equally with the Initial Preference Shares as described in Article 34.7;

"Alternate" or **"Alternate Director"** has the meaning given in Article 30;

"amount (of a share)" means the nominal amount of the share;

"appointor" has the meaning given in Article 30;

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

"Associated Company" has the same meaning as in Section 256 Companies Act 2006;

"Auditors" means the Company's auditors;

"Bank of Scotland" means the Governor and Company of the Bank of Scotland;

"Bank of Scotland Scheme" means the scheme of arrangement pursuant to section 425 of the CA 1985 dated 13 June 2001 between Bank of Scotland and its proprietors in connection with its merger with Halifax Group;

"CA 1985" means the Companies Act 1985;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"Chair" has the meaning given in Article 14;

"Chair of the Meeting" has the meaning given in Article 73.3;

"combined physical and electronic general meeting" means a meeting convened and held in accordance with these Articles and which allows participants to attend at a physical place of meeting or via an electronic platform;

"Class A Perpetual Preference Shares" means 8.117% non-cumulative perpetual preference shares of £10 each;

"Class B Perpetual Preference Shares" means 7.754% non-cumulative perpetual preference shares of £10 each;

"Companies Acts" means the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company;

"Convertible Preference Shares" means Preference Shares which will or may be converted into Ordinary Shares or other securities of the Company;

"Cumulative Preference Shares" means Preference Shares with a right to cumulative dividends;

"Director" means a director of the Company, and includes any person occupying the position of director, by whatever name called;

"dividend arrears" means any dividend arrears. This would apply to any dividends on shares with a right to cumulative dividends, which could not be paid, but which have been carried forward;

"Dividend Payment Date" means the dates defined as such in the terms of issue of any series of Preference Shares;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in Section 1168 of the Companies Act 2006;

"electronic-only general meeting" means a meeting convened and held in accordance with these Articles and which allows participants to attend a general meeting via an electronic platform only;

"electronic platform" means any form of electronic platform or facility and includes, without limitation, website addresses, application technology and conference call systems;

"existing Preference Shares" means Preference Shares which are in issue at the relevant time;

"existing shares (of any kind)" means shares which are in issue at the relevant time;

"Extraordinary Resolution" means a decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 14 days' notice of any Extraordinary Resolution;

"FCA" means the Financial Conduct Authority or any other person or body which is the regulator of the Company's business at the relevant time;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Company in respect of that share have been paid to the Company;

"Further Preference Shares" means Preference Shares other than the Initial Preference Shares;

"Halifax" means Halifax plc;

"Halifax Group" means Halifax Group plc;

"Halifax Group Scheme" means the scheme of arrangement pursuant to section 425 of the CA 1985 dated 13 June 2001 between Halifax Group and the holders of its ordinary shares in connection with its merger with Bank of Scotland;

"hard copy form" has the meaning given in Section 1168 of the Companies Act 2006;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"in writing" means any method of reproducing words in a legible form except in relation to Articles 40.1 and 42.10.1 where it shall have the meaning set out in Article 40.4;

"Initial Preference Shares" means the 9¼% Preference Shares and 9¾% Preference Shares;

"Junior Preference Shares" means Further Preference Shares which, as regards their rights to share in profits or assets, rank behind the Initial Preference Shares, the Additional Preference Shares and any other Preference Shares (whether then issued or to be issued subsequently) which the Directors decide, before the Further Preference Shares which are to be issued as Junior Preference Shares are allotted, are to rank in priority to such Further Preference Shares;

"legislation" means the CA 1985, the Companies Act, the Regulations and every other enactment for the time being in force concerning companies and affecting the Company;

"London Stock Exchange" means the London Stock Exchange plc;

"Non-Cumulative Preference Shares" means Preference Shares which may receive non-cumulative dividends;

"ordinary resolution" has the meaning given in Section 282 of the Companies Act 2006;

"Ordinary Shares" means the Company's ordinary shares;

"Ordinary Shareholder" means a holder of Ordinary Shares;

"paid" means paid or credited as paid;

"paid-up share" includes a share which is treated (credited) as paid up;

"Parent Company" means Lloyds Banking Group plc, a company incorporated in Scotland under the Companies Act 1985 with the registered number SC095000;

"participate", in relation to a Directors' meeting, has the meaning given in Article 12;

"physical general meeting" means any general meeting attended by persons physically present at the location(s) specified in the notice of such general meeting;

"present" means for the purposes of a physical general meeting, physically present or, for the purposes of a combined physical and electronic general meeting, either physically present or present by attendance via an electronic platform or, for the purposes of an electronic-only general meeting, present by attendance via an electronic platform;

"Preference Shares" means the Company's preference shares;

"6¼% Preference Shares" means the non-cumulative redeemable Preference Shares which have a dividend rate of 6¼% each year;

"9¼% Preference Shares" means the non-cumulative irredeemable Preference Shares which have a dividend rate of 9¼% each year issued pursuant to the Bank of Scotland Scheme. Any reference to Preference Shares includes the 9¼% Preference Shares;

"9¾% Preference Shares" means the non-cumulative irredeemable Preference Shares which have a dividend rate of 9¾% each year issued pursuant to the Bank of Scotland Scheme. Any reference to Preference Shares includes the 9¾% Preference Shares;

"Preference Shareholder" means a holder of Preference Shares;

"Priority Preference Shares" means the Initial Preference Shares and any other Preference Shares ranking equally with the Initial Preference Shares as described in Article 34.7;

"proxy notice" has the meaning given in Article 81;

"Redemption Date" means except where otherwise specifically defined in these Articles, the date on which Redeemable Preference Shares are to be or are liable to be redeemed;

"Redeemable Preference Shares" means Preference Shares which are to be redeemed or are liable to be redeemed;

"Regulations" means the Uncertificated Securities Regulations 2001;

"Register" means the Company's register of members;

"Registered Office" means the Company's registered office;

"Relevant Director" means any Director or former Director of the Company or any director or former director of an Associated Company of the Company;

"rights (of any share)" means the rights attached to the share at the time it is issued or at any later time;

"Secretary" means any person appointed to perform the duties of the secretary of the Company (including any deputy or assistant secretary) in accordance with Article 31;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the Company;

"share capital" means the Company's authorised share capital;

"special resolution" has the meaning given in Section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in Section 1159 of the Companies Act 2006;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law;

"Transfer Agreement" means the agreement to transfer the business of Halifax Building Society to Halifax under Section 97 of the Building Societies Act 1986;

"UK Listing Authority" means the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000;

"United Kingdom" means Great Britain and Northern Ireland;

"Vesting Day" means the day on which the business of Halifax Building Society was transferred to Halifax in accordance with the Transfer Agreement; and

"working day" means in relation to payments, a day on which banks in the country in which a payment is to be made (and, if so specified in the terms of issue of any shares, banks in any other country or countries) are generally open for business and in relation to any other matter, a day, other than a Saturday, Sunday or public holiday when banks in England are generally open for business.

2.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles become binding on the Company.

2.3 The provisions of these Articles relating to general meetings and to the proceedings at such meetings shall apply to separate meetings of a class of shareholders.

3 Liability of shareholders

The liability of the shareholders is limited to the amount, if any, unpaid on the shares held by them.

Part 2 Directors

Directors' Powers and Responsibilities

4 Number of Directors

The Directors shall not be less than two and shall not be subject to any maximum.

5 Directors' general authority

Subject to the Articles, the Directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company.

6 Shareholders' reserve power

6.1 The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

6.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

7 Directors may delegate

7.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles:

7.1.1 to such person (who need not be a Director) or committee (comprising any number of persons, who need not be Directors);

7.1.2 by such means (including by power of attorney);

7.1.3 to such an extent;

- 7.1.4 in relation to such matters or territories; and
- 7.1.5 on such terms and conditions,
- as they think fit.
- 7.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.
- 7.3 Any reference in these Articles to the exercise of a power or discretion by the Directors shall include a reference to the exercise of a power or discretion by any person or committee to whom it has been delegated.
- 7.4 The Directors may revoke any delegation in whole or part or alter its terms and conditions.

8 Committees

The Directors may make regulations in relation to the procedures of committees or sub-committees to whom their powers or discretions have been delegated or sub-delegated. Subject to any such regulations, the meetings and procedures of any committee or sub-committee shall be governed by the provisions of these Articles regulating the meetings and procedures of Directors.

Decision-Making by Directors

9 Directors to take decisions collectively

- 9.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken by Directors' written resolution in accordance with Article 10.
- 9.2 If:
- 9.2.1 the Company only has one Director; and
- 9.2.2 no provision of the Articles requires it to have more than one Director,
- the general rule does not apply, and the Director may take decisions without regard to any of the provisions of the Articles relating to Directors' decision-making, provided that any decision taken shall be recorded in writing and the record kept for 10 years.

10 Directors' written resolutions

- 10.1 Any Director may propose a written resolution by giving written notice to the other Directors or may request the Secretary (if any) to give such notice.
- 10.2 A Directors' written resolution is adopted when all the Directors who would have been entitled to vote on such resolution if it had been proposed at a meeting of the Directors have:
- 10.2.1 signed one or more copies of it; or
- 10.2.2 otherwise indicated their agreement to it in writing.
- 10.3 A Directors' written resolution is not adopted if the number of Directors who have signed it is less than the quorum for Directors' meetings.

11 Calling a Directors' meeting

- 11.1** Any Director may call a Directors' meeting by giving notice of the meeting to the other Directors or by requesting the Secretary (if any) to give such notice.
- 11.2** Notice of any Directors' meeting must indicate:
- 11.2.1** its proposed date and time;
 - 11.2.2** where it is to take place; and
 - 11.2.3** if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 11.3** Notice of a Directors' meeting must be given to each Director but need not be in writing.
- 11.4** Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

12 Participation in Directors' meetings

- 12.1** Subject to the Articles, Directors participate in a Directors' meeting, or part of a Directors' meeting, when:
- 12.1.1** the meeting has been called and takes place in accordance with the Articles; and
 - 12.1.2** they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 12.2** In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.
- 12.3** If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

13 Quorum for Directors' meetings

- 13.1** At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 13.2** The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed it is two.
- 13.3** If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision:
- 13.3.1** to appoint further Directors; or
 - 13.3.2** to call a general meeting so as to enable the shareholders to appoint further Directors.

14 Chairing of Directors' meetings

- 14.1** The Directors may appoint a Director to chair their meetings.

- 14.2** The person so appointed for the time being is known as the Chair.
- 14.3** The Directors may terminate the Chair's appointment at any time.
- 14.4** If the Chair is not participating in a Directors' meeting within ten minutes of the time at which it was to start, the participating Directors may appoint one of their number to chair it.

15 Casting vote

- 15.1** If the numbers of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.
- 15.2** But this does not apply if, in accordance with the Articles, the Chair or other Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

16 Validity of proceedings

All acts done by any meeting of Directors, or of any committee or sub-committee of the Directors, or by any person acting as a member of any such committee or sub-committee, shall as regards all persons dealing in good faith with the Company be valid, notwithstanding that there was some defect in the appointment of any Director or any such persons, or that any such persons were disqualified or had vacated office, or were not entitled to vote.

17 Record of decisions to be kept

The Secretary must ensure that the Company keeps a record, in writing, of every majority decision taken by the Directors and of every Directors' written resolution for at least 10 years from the date of the decision or resolution.

18 Directors' discretion to make further rules

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

Directors' Interests

19 Authorisation of Directors' interests

- 19.1** For the purposes of Section 175 of the Companies Act 2006, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- 19.2** Authorisation of a matter under this Article 19 shall be effective only if:
- 19.2.1** the matter in question shall have been proposed for consideration at a meeting of the Directors, in accordance with the usual procedures for such meetings or in such other manner as the Directors may resolve;
 - 19.2.2** any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question and any other interested Director (together the "**Interested Directors**"); and

19.2.3 the matter was agreed to without the Interested Directors voting or would have been agreed to if the votes of the Interested Directors had not been counted.

19.3 Any authorisation of a matter under this Article may:

19.3.1 extend to any actual or potential conflict of interest which may arise out of the matter so authorised;

19.3.2 be subject to such conditions or limitations as the Directors may resolve, whether at the time such authorisation is given or subsequently; and

19.3.3 be terminated by the Directors at any time;

and a Director shall comply with any obligations imposed on the Director by the Directors pursuant to any such authorisation.

19.4 A Director shall not, save as otherwise agreed by the Director, be accountable to the Company for any benefit which he (or a person connected with the Director) derives from any matter authorised by the Directors under this Article 19 and any contract, transaction or arrangement relating to such a matter shall not be liable to be avoided on the grounds of any such benefit.

20 Permitted Interests

20.1 Subject to compliance with Article 20.2, a Director, notwithstanding the Director's office, may have an interest of the following kind:

20.1.1 where a Director (or a person connected with the Director) is a director or other officer of, or employed by, or otherwise interested (including by the holding of shares) in any Relevant Company;

20.1.2 where a Director (or a person connected with the Director) is a party to, or otherwise interested in, any contract, transaction or arrangement with a Relevant Company, or in which the Company is otherwise interested;

20.1.3 where a Director has an interest which cannot reasonably be regarded as likely to give rise to a conflict of interest;

20.1.4 where a Director has an interest, or a transaction or arrangement gives rise to an interest, of which the Director is not aware; or

20.1.5 where a Director has any other interest authorised by ordinary resolution.

No authorisation under Article 19 shall be necessary in respect of any such interest.

20.2 A Director shall declare the nature and extent of any interest permitted under Article 20.1 and not falling within Article 20.3, at a meeting of the Directors or in such other manner as the Directors may resolve.

20.3 No declaration of an interest shall be required by a Director in relation to an interest:

20.3.1 falling within Article 20.1.1, 20.1.3 or 20.1.4;

20.3.2 if, or to the extent that, the other Directors are already aware of such interest (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or

- 20.3.3 if, or to the extent that, it concerns the terms of the Director's service contract (as defined in Section 227 of the Companies Act 2006) that have been or are to be considered by a meeting of the Directors, or by a committee of Directors appointed for the purpose under these Articles.
- 20.4 A Director shall not, save as otherwise agreed by the Director, be accountable to the Company for any benefit which the Director (or a person connected with the Director) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any Relevant Company or for such remuneration, each as referred to in Article 20.1, and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit.
- 20.5 For the purposes of this Article 20, "**Relevant Company**" shall mean:
- 20.5.1 the Company;
 - 20.5.2 a subsidiary of the Company;
 - 20.5.3 any holding company of the Company or a subsidiary of any such holding company;
 - 20.5.4 any body corporate promoted by the Company; or
 - 20.5.5 any body corporate in which the Company is otherwise interested.

21 Quorum and voting

- 21.1 A Director shall not be entitled to vote on any resolution in respect of any contract, transaction or arrangement, or any other proposal, in which the Director (or a person connected with the Director) has an interest, unless the interest is solely of a kind permitted by Article 20.1.
- 21.2 A Director shall not be counted in the quorum at a meeting of the Directors in relation to any resolution on which the Director is not entitled to vote.

22 Confidential information

- 22.1 Subject to Article 22.2, if a Director, otherwise than by virtue of the Director's position as Director, receives information in respect of which the Director owes a duty of confidentiality to a person other than the Company, the Director shall not be required:
- 22.1.1 to disclose such information to the Company or to the Directors, or to any Director, officer or employee of the Company; or
 - 22.1.2 otherwise use or apply such confidential information for the purpose of or in connection with the performance of the Director's duties as a Director.
- 22.2 Where such duty of confidentiality arises out of a situation in which the Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company, Article 22.1 shall apply only if the conflict arises out of a matter which has been authorised under Article 19 or falls within Article 20.
- 22.3 This Article 22 is without prejudice to any equitable principle or rule of law which may excuse or release the Director from disclosing information, in circumstances where disclosure may otherwise be required under this Article 22.

23 Directors' interests - general

23.1 For the purposes of Articles 19 to 23:

23.1.1 a person is connected with a Director if that person is connected for the purposes of Section 252 of the Companies Act 2006; and

23.1.2 an interest (whether of the Director or of such a connected person) of which a Director has no knowledge and of which it is unreasonable to expect the Director to have knowledge shall not be treated as an interest of that Director.

23.2 Where a Director has an interest which can reasonably be regarded as likely to give rise to a conflict of interest, the Director may, and shall if so requested by the Directors, take such additional steps as may be necessary or desirable for the purpose of managing such conflict of interest, including compliance with any procedures laid down from time to time by the Directors for the purpose of managing conflicts of interest generally and/or any specific procedures approved by the Directors for the purpose of or in connection with the situation or matter in question, including without limitation:

23.2.1 absenting themselves from any meetings of the Directors at which the relevant situation or matter falls to be considered; and

23.2.2 not reviewing documents or information made available to the Directors generally in relation to such situation or matter and/or arranging for such documents or information to be reviewed by a professional adviser to ascertain the extent to which it might be appropriate for the Director to have access to such documents or information.

23.3 The Company may by ordinary resolution ratify any contract, transaction or arrangement, or other proposal, not properly authorised by reason of a contravention of any provisions of Articles 19 to 23.

Appointment of Directors

24 Methods of appointing Directors

24.1 Any person who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director:

24.1.1 by ordinary resolution;

24.1.2 by a decision of the Directors; or

24.1.3 by a notice given in accordance with Article 26.

24.2 In any case where, as a result of death, the Company has no shareholders and no Directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a Director.

24.3 For the purposes of Article 24.2, where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

25 Termination of Director's appointment

25.1 A person ceases to be a Director as soon as:

- 25.1.1 that person ceases to be a Director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
 - 25.1.2 a bankruptcy order is made against that person;
 - 25.1.3 a composition is made with that person's creditors generally in satisfaction of that person's debts;
 - 25.1.4 a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
 - 25.1.5 notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
 - 25.1.6 that person is absent from meetings of Directors for six months without permission and the Directors have resolved that that person should cease to be a Director;
 - 25.1.7 notice of the Director's removal is given in accordance with Article 26; or
 - 25.1.8 notice of termination is served or deemed served upon the Director and that notice is given by all the other Directors for the time being.
- 25.2** If a Director holds an appointment to an executive office which automatically terminates on termination of the Director's office as a Director, the Director's removal from office pursuant to this Article 25 shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of any contract of service between the Director and the Company.

26 Appointment and removal of Director by majority shareholders

A shareholder or shareholders holding in aggregate a majority of the nominal value of the shares may, by notice to the Company, appoint any person to be a Director to fill a vacancy or to be an additional Director and/or terminate any Director's appointment.

27 Directors' remuneration

- 27.1** The ordinary remuneration of the Directors (which shall be deemed to accrue from day to day) shall be determined by the Directors, except that such remuneration shall not exceed:
- 27.1.1 £4,000,000 per annum in aggregate; or
 - 27.1.2 such higher amount as may from time to time be determined by ordinary resolution.
- 27.2** Such ordinary remuneration shall (unless otherwise provided by ordinary resolution) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to remuneration in proportion to the period during which such Director has held office.
- 27.3** Any Director who holds any executive office (including for this purpose the office of chair or deputy chair whether or not such office is held in an executive capacity), or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise or may receive such other benefits as the directors may determine in their discretion. Such extra remuneration or other

benefits shall be in addition to, or in substitution for, any or all of a Director's entitlement to ordinary remuneration under Articles 27.1 and 27.2.

28 Directors' expenses

28.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:

28.1.1 meetings of Directors or committees of Directors;

28.1.2 general meetings; or

28.1.3 separate meetings of the holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

28.2 The Directors shall have power to pay and agree to pay gratuities, pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director or ex-Director, and for the purpose of providing any such gratuities, pensions or other benefits to contribute to any scheme or fund or to pay premiums.

29 Appointment of executive Directors

29.1 The Directors may from time to time appoint one or more of their number to be the holder of any executive office (including, where considered appropriate, the office of Chair) on such terms and for such period as they may (subject to the Companies Acts) resolve and, without prejudice to the terms of any contract entered into in any particular case, may at any time revoke or vary the terms of any such appointment.

29.2 The appointment of any Director to the office of Chair or Managing Director shall automatically terminate if the Director ceases to be a Director but without prejudice to any claim for damages for breach of any contract of service between the Director and the Company.

29.3 The appointment of any Director to any other executive office shall not automatically terminate if the Director ceases to be a Director for any reason, unless the contract or resolution under which the Director holds office shall expressly state otherwise, in which event such termination shall be without prejudice to any claim for damages for breach of any contract of service between the Director and the Company.

Alternate Directors

30 Alternate Directors

30.1 Any Director (the "**appointor**") may at any time appoint any person (including another Director) to be the Director's alternate (the "**Alternate**" or the "**Alternate Director**") and may at any time terminate such appointment.

30.2 The appointment or termination of appointment of an Alternate Director must be made by notice in writing signed by the appointor or in any other manner approved by the Directors.

- 30.3** The notice must identify the proposed Alternate and, in the case of an appointment, contain a statement signed by the proposed Alternate stating that the proposed Alternate is willing to act as the Alternate of the Director giving the notice.
- 30.4** The appointment of an Alternate Director shall terminate:
- 30.4.1** when the appointor revokes the appointment by notice to the Company specifying when it is to terminate;
 - 30.4.2** on the occurrence in relation to the Alternate of any event which if it happened to the Alternate's appointor, would result in the termination of the appointor's appointment as a Director;
 - 30.4.3** on the death of the Alternate's appointor; or
 - 30.4.4** if the Alternate's appointor ceases to be a Director.
- 30.5** An Alternate Director shall be entitled to receive notices of meetings of the Directors and of any committee of the Directors of which the Alternate's appointor is a member and shall be entitled to attend and vote as a Director at any such meeting and be counted in the quorum at any such meeting at which the Alternate's appointor is not personally present and generally at such meetings to perform all functions of the Alternate's appointor as a Director. For the purposes of the proceedings at such meetings, the provisions of these Articles shall apply as if the Alternate Director (instead of the Alternate's appointor) were a Director.
- 30.6** If an Alternate is also a Director or shall attend any such meeting as an Alternate for more than one Director, the Alternate's voting rights shall be cumulative but the Alternate shall not be counted more than once for the purposes of the quorum.
- 30.7** If the Alternate's appointor is for the time being temporarily unable to act through ill health or disability an Alternate's signature to any resolution in writing of the Directors shall be as effective as the signature of the Alternate's appointor.
- 30.8** This Article 30 shall also apply (with such changes as are necessary) to such extent as the Directors may from time to time resolve to any meeting of any committee of the Directors of which the appointor of an Alternate Director is a member.
- 30.9** An Alternate Director shall not (except as otherwise provided in this Article 30) have power to act as a Director, nor shall the Alternate Director be deemed to be a Director for the purposes of these Articles, nor shall the Alternate Director be deemed to be the agent of the Alternate Director's appointor.
- 30.10** An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent as if the Alternate Director were a Director.
- 30.11** An Alternate shall not be entitled to receive remuneration from the Company in respect of the Alternate's appointment as Alternate Director except to the extent the Alternate's appointor directs the Company to pay to the Alternate some of the remuneration otherwise payable to that Director.

Secretary

31 Secretary

The Company shall have a Secretary who shall be appointed on such terms as the Directors think fit. Any Secretary so appointed may at any time be removed from office by the Directors, but without prejudice to any claim for damages for breach of any contract of service between the Secretary and the Company.

Part 3 Shares and Distributions

Ordinary Shares

32 The rights of the Ordinary Shares

32.1 Rights to income

Any profits of any financial year which the Directors or Ordinary Shareholders (subject to Article 61) decide to distribute to the Ordinary Shareholders in proportion to the amounts paid up on their Ordinary Shares. This is subject to the rights of any other class of shares which then exist.

32.2 Rights to capital

If there is a return of capital because the Company is wound up, the Company's assets which are left after paying its liabilities will be distributed to the Ordinary Shareholders in proportion to the amounts paid up on their Ordinary Shares. This is subject to the rights of any other class of shares which then exist.

Preference Shares

33 Applicable Provisions

Articles 34 to 41 (inclusive) do not apply to Preference Shares issued on or after 25 April 2006 (except to the extent that, in relation to any series of Preference Shares issued on or after that date, the Directors otherwise decide before the Preference Shares of that series are first allotted) and Article 42 does not apply to Preference Shares issued prior to 25 April 2006.

34 The rights of the Preference Shares

34.1 Preference Shares can be issued in one or more separate series, each of which will constitute a separate class of shares. Each series will be identified in the way that the Directors decide, and they do not have to make any changes to the Articles to do this. The rights of the Preference Shares and the restrictions which apply to them will be determined in accordance with Articles 34 to 41 and such other Articles as are relevant.

34.2

34.2.1 The rights of the Initial Preference Shares to share in profits and assets rank ahead of the rights of any other shares. Every Initial Preference Share ranks equally with every other Initial Preference Share. The Initial Preference Shares also rank equally

with any Further Preference Shares, to the extent that the terms of issue of those other shares say that they rank equally with the Initial Preference Shares and such shares have been issued in accordance with Article 34.7.

- 34.2.2** If the Further Preference Shares are issued on an equal basis in accordance with Article 34.7, they rank equally with the Initial Preference Shares and references to the Initial Preference Shares in this Article 34.2 are deemed to include references to such Further Preference Shares.
- 34.2.3** If any Further Preference Shares are issued and do not rank equally with the Initial Preference Shares to share in profits or assets, the rights of such Further Preference Shares to share in profits or assets will rank behind the Initial Preference Shares but will otherwise rank as regards the rights of any other shares as the Directors shall decide before the Further Preference Shares are first allotted. Such Further Preference Shares also rank equally with any other shares to the extent that the terms of those other shares say that they rank equally with the Further Preference Shares.
- 34.3** A series of Preference Shares will also have the particular rights which the Directors decide to give them. The Directors must decide on the particular rights before the Preference Shares of that series are first allotted. The particular rights must not, however, conflict with the provisions of Articles 34 to 41 except to the extent permitted by Article 34.10. The terms of any series of Preference Shares can be set out in language which reflects the substance, rather than the language, of the Articles.
- 34.4** The Directors can exercise the powers of the Company's shareholders under Article 43 to consolidate and/or divide shares in relation to the Preference Shares. This power is not intended to restrict the wider authority of the Directors to give extra rights to Preference Shares, or to restrict the authority given by Article 37.12.
- 34.5** Where Articles 34 to 41 give the Directors the power to decide on the particular terms to be attached to any series of Preference Shares, these do not have to be the same as the particular terms which are attached to any existing series of Preference Shares.
- 34.6** Unless the rights attached to any Preference Share, or the terms of any Preference Share, or the Articles provide otherwise, a dividend, or any other money payable in respect of a Preference Share can be paid to a shareholder in whatever currency the Directors decide, using an appropriate exchange rate selected by the Directors for any currency conversions which are required.
- 34.7** **The Company** may from time to time create and issue further Preference Shares (in this Article 34 called "Additional Preference Shares" (except for Article 34.2 where they are referred to as Further Preference Shares) and together with the Initial Preference Shares called the "Priority Preference Shares") which rank equally with (but not in priority to) the Initial Preference Shares as regards their rights to share in profits and assets. Subject to Article 40, any such Additional Preference Shares may either carry identical rights and restrictions to share in profits and assets as the Initial Preference Shares, the Further Preference Shares or any other series of Additional Preference Shares or rights and restrictions differing from those shares (including whether or not any dividends are required by Article 35.5 to be declared and paid in full on the Additional Preference Shares).

34.7.1

However, no such Additional Preference Shares may be issued unless:

- (i) at the time of such proposed issue and in relation thereto the Auditors have reported in writing to the Company that immediately following such issue the aggregate nominal amount of the Additional Preference Shares to be issued, when added to the aggregate nominal amount of the Priority Preference Shares for the time being in issue, will not exceed an amount equal to 25 per cent of the Adjusted Capital and Reserves as defined in Article 34.9; and
- (ii) the average of the profit after taxation and before extraordinary items and dividends on an annualised basis for the most recent three accounting reference periods of the Company to have ended prior to the date of such issue as shown in the Relevant Accounts, for each such period exceeds four and one half times the aggregate annual amount of the dividends (exclusive of any imputed tax credit available to shareholders) payable in the then current accounting reference period on the whole of the issued share capital of the Company which has priority to or ranks equally with the Priority Preference Shares (including any such share capital then being issued).

34.8 The issue of further shares which rank in priority to, or equally with the Priority Preference Shares in the profits or assets of the Company will be deemed to be a variation of the special rights attached to such shares unless the issue of such shares is permitted by Article 34.7. If Article 34.7 allows such an issue, such issue will be deemed not to be a change or abrogation of the special rights attaching to the Priority Preference Shares.

34.9 For the purposes of Article 34.7:-

34.9.1 the "**Adjusted Capital and Reserves**" means the aggregate from time to time of:-

- (i) the amount paid up or credited as paid up on the issued share capital of the Company; and
- (ii) the amount standing to the credit of reserve accounts, including any share premium account and revaluation reserve and any credit balance on profit and loss account all as shown in the balance sheet from the then latest Relevant Accounts (the "**Balance Sheet**") but after;
 - (a) deducting from the aggregate any debit balance on profit and loss account subsisting at the date of the Balance Sheet except to the extent that deduction has already been made on that account;
 - (b) deducting any amount referable to goodwill (arising other than on consolidation) or any other intangible asset (as that term falls to be interpreted for the purpose of the preparation of a balance sheet in accordance with Schedule 4 to the CA 1985);
 - (c) deducting an amount equal to any distribution (other than distributions to any member of the Group) out of the profits accrued prior to the date of the Balance Sheet, in so far as not provided for therein;
 - (d) excluding any sums set aside for future taxation (including deferred taxation);
 - (e) excluding any amounts attributable to outside interests in subsidiaries;

- (f) making such adjustments as may be appropriate to reflect any variation in the amount of the paid up share capital or share premium account since the date of the Balance Sheet; and
 - (g) making such adjustments as may be appropriate to reflect the issue of the Additional Preference Shares then to be issued;
- 34.9.2 the Company may from time to time change the accounting conventions on which the audited consolidated accounts are based provided that any new convention adopted complies with the requirements of the CA 1985;
- 34.9.3 the "**Group**" means the Company and its subsidiaries (if any) (which shall be deemed to include Halifax Group and Bank of Scotland and their respective subsidiaries in relation to any period prior to 31 August 2001);
- 34.9.4 "**Relevant Accounts**" means the audited consolidated accounts of the Company and its subsidiaries;
- 34.9.5 a certificate or report by the Auditors as to the amount of the Adjusted Capital and Reserves or to the effect that a limit imposed by Article 34.7 has not been or will not be exceeded at any particular time or times shall be conclusive evidence of the amount or of that fact.
- 34.10 The Company may from time to time issue Junior Preference Shares. A series of Junior Preference Shares shall have such rights to share in the profits and assets of the Company as the Directors shall decide before Junior Preference Shares of that series are first allotted. The Company may also issue Additional Preference Shares, as well as Further Preference Shares ranking behind the Priority Preference Shares as regards their rights to share in profits or assets, the terms of issue of which provide that the Directors may determine at any time, and without the consent of the holders of such Preference Shares, that the rights attaching to some or all of such Additional Preference Shares or Further Preference Shares to share in profits or assets shall be varied on such date as the Directors may decide so as to constitute the Preference Shares whose rights have been varied as Junior Preference Shares. On variation of the rights as referred to in the preceding sentence, the Junior Preference Shares shall have such rights as the Directors shall have decided before the rights attaching to the Additional Preference Shares or, as the case may be, the Further Preference Shares are varied (whether or not such rights have been decided by the Directors before such Additional Preference Shares or Further Preference Shares were first allotted). If the rights attaching to some only of the Preference Shares included in a series of Preference Shares are varied, the Preference Shares the rights of which have been varied shall form a separate series. Except to the extent that these Articles expressly require the consent of shareholders to any particular matter, the Directors may also decide, before any series of Junior Preference Shares is first allotted, that the rights attaching to that series of Junior Preference Shares may conflict with the provisions of Articles 34 to 41.

35 The rights of Preference Shares to profits

- 35.1 A series of Preference Shares shall have such rights to a preferential dividend as the Directors decide to give it. Other than in respect of the 9¼% Preference Shares, the 9¾% Preference Shares and the 6¼% Preference Shares to which Articles 35.2, 35.3 and 35.4 apply, respectively, before any Further Preference Shares of any particular series are first *allotted*, the Directors must decide the following:

- 35.1.1 the rate or rates of the dividend, which can be fixed or variable, or how the rate or rates will be decided;
- 35.1.2 the date or dates when the dividend will be paid;
- 35.1.3 the dates from which dividends will begin to accrue and the dates they accrue to;
- 35.1.4 whether the dividend will be paid in, or based on, a different currency from the currency of the Preference Shares;
- 35.1.5 whether the rights to receive a dividend are cumulative or not;
- 35.1.6 in relation to Non-Cumulative Preference Shares, whether the provisions of Articles 35.10 to 35.13 will apply; and
- 35.1.7 any other terms and conditions relating to the dividend which must be consistent with Articles 35.2 to 35.20.

To avoid any doubt, before any Preference Shares of any particular series are first allotted, the Directors can make it a term or condition of those shares that they will not have a right to a dividend, or that they will only have a right to a dividend in certain circumstances (for example, only after a certain period) or only if (and to the extent) declared by the Directors, or that they will have a right on the first dividend payment date after allotment to a different amount of dividend than would otherwise be paid for the period ended on that date on the basis of the rate decided by the Directors.

The Preference Shares will not have any other rights to share in the Company's profits.

35.2 The 9¼% Preference Shares shall have the following rights:-

- 35.2.1 The right to receive a fixed preferential dividend calculated at the rate of 9¼% per annum on the amounts paid up or treated (credited) as paid up on such shares. This dividend amount will be in addition to any associated tax credit available to the shareholder.
- 35.2.2 The right to receive a dividend will be non-cumulative and Articles 35.10 to 35.13 will apply.
- 35.2.3 The dividend will be in respect of the half-years ending on (and including) 28 February (or in a leap year 29 February) and 31 August in each year, payable in equal half yearly instalments in arrear on 31 May and 30 November.

35.3 The 9¾% Preference Shares shall have the following rights:-

- 35.3.1 The right to receive a fixed preferential dividend calculated at the rate of 9¾% per annum on the amounts paid up or treated (credited) as paid up on such shares. This dividend amount will be in addition to any associated tax credit available to the shareholder.
- 35.3.2 The right to receive a dividend will be non-cumulative and Articles 35.10 to 35.13 will apply.
- 35.3.3 The dividend will be in respect of the half-years ending on and including 28 February (or in a leap year 29 February) and 31 August in each year, payable in equal half yearly instalments in arrear on 31 May and 30 November.

35.4 The 6¼% Preference Shares shall have the following rights:-

- 35.4.1 The right to receive a fixed preferential dividend calculated at the rate of 6¼% per annum on the amounts paid up or treated (credited) as paid up on such shares. This dividend amount will be calculated after deducting any associated tax credit available to the shareholder.
 - 35.4.2 The right to receive a dividend will be non-cumulative and Articles 35.10 to 35.13 will apply.
 - 35.4.3 The dividend will be in respect of the half-years ending on (but excluding) 31 December and 30 June in each year, payable in equal half yearly instalments in arrear on 15 March and 15 September.
- 35.5** If, on a dividend payment date, the Directors consider that the profits of the Company which can be distributed are enough to cover the full payment of:
- 35.5.1 dividends payable at that time on the Preference Shares (including any dividend arrears on any Cumulative Preference Shares); and
 - 35.5.2 all dividends which are payable at that time on any other shares whose rights say that they rank equally with the Preference Shares in sharing in profits (including any dividend arrears on any such shares which have rights to cumulative dividends),
- then, subject to Article 35.8 and the following exceptions in this Article 35.5, the dividends on the Preference Shares, and on the other shares referred to in this Article 35.5, must be declared and paid in full. The exceptions are that:
- 35.5.1 the Directors can decide, before a particular series of Preference Shares or of such other shares are first allotted, that the requirement to declare and pay dividends under this Article 35.5 shall not apply to that series of Preference Shares or such other shares; and
 - 35.5.2 if the Directors have not so decided but the terms of any series of Preference Shares or of such other shares specifically so permit, the Directors can, at any time after the issue of such Preference Shares or such other shares, decide that the requirement to declare and pay dividends in accordance with this Article 35.5 shall not apply from such date as the Directors may specify in respect of the whole or any part of that series of Preference Shares or of such other shares. If the Directors decide that such requirement to declare and pay any dividend in accordance with this Article does not apply in respect of part of a series of Preference Shares or such other shares, those Preference Shares or other shares in respect of which that requirement no longer applies shall form a separate series with effect from the date specified by the Directors.
- 35.6** If, on a dividend payment date, the Directors consider that the profits of the Company which can be distributed are not enough to cover payment in full of the dividends referred to in Article 35.5, then, subject to Article 35.8:-
- 35.6.1 the Directors must firstly use any distributable profits to declare the dividends on the Priority Preference Shares and if there are not sufficient distributable profits to declare a reduced dividend on the Priority Preference Shares. This will be paid in proportion to the dividends which would have been due on each of those shares, if there had been sufficient profits. The dividend which would have been due includes any dividend arrears on any of those shares which have rights to cumulative dividends; and

- 35.6.2 secondly, subject to Article 35.17, the Directors must use any remaining distributable profits to declare the dividends on the Further Preference Shares (other than the Additional Preference Shares) and if there are not sufficient distributable profits to declare a reduced dividend on such Further Preference Shares. This will be paid in proportion to the dividends which would have been due on each of those shares if there had been sufficient profits. The dividend which would have been due includes any dividend arrears on those shares which have rights to cumulative dividends.
- 35.7** If it turns out that the dividends should not have been paid, either in full or in part, as set out in Articles 35.5 or 35.6, the Directors will not be liable for any loss which any Preference Shareholder might suffer as a result, as long as the Directors have acted in good faith.
- 35.8** If the Directors consider that paying any dividend on any Preference Shares would result in a breach of the capital adequacy requirements of the FCA which apply to the Company and/or any of its subsidiaries, none of that dividend will be declared or paid, unless the FCA otherwise agrees.
- 35.9** If any dividend, or part of a dividend, is not paid on any Non-Cumulative Preference Shares for any of the reasons given in Articles 35.6 and 35.8, the holders of those Non-Cumulative Preference Shares will not be entitled to make any claim for that dividend.
- 35.10** If the Directors have decided that this Article applies to a particular series of Non-Cumulative Preference Shares before those shares are first allotted (or these Articles so provide) and if the whole or part of any dividend on any Non-Cumulative Preference Shares of that series is not paid for any of the reasons given in Articles 35.6 and 35.8, or if the Directors have decided that the requirement to declare and pay dividends in accordance with Article 35.5 does not apply to a particular series of Non-Cumulative Preference Shares and a dividend is not paid in whole or in part on a dividend payment date, the Directors will (or may in the case of any series of Non-Cumulative Preference Shares in respect of which the Directors have decided before those shares are first allotted that the requirement to declare and pay dividends in accordance with Article 35.5 shall not apply and that the application of this Article shall not be mandatory), if the following condition is met, and as far as the legislation allows, allot and issue extra Non-Cumulative Preference Shares to the holders of those shares. However, if the Directors have not decided whether or not the provisions of this Article shall be mandatory and the terms of any series of Non-Cumulative Preference Shares specifically so permit, the Directors can, at any time after the issue of Non-Cumulative Preference Shares, decide that the provisions of this Article shall not be mandatory in respect of the whole or part of the dividends payable on the Non-Cumulative Preference Shares from such date as the Directors may specify. This Article applies to the Priority Preference Shares except that, in the case of the 6.0884% Non-Cumulative Preference Shares of £1 each, the power given to the Directors by the foregoing provisions of this Article to allot and issue extra Non-Cumulative Preference Shares shall not apply.

The condition is that there must be an amount in the Company's profit and loss account, or in any of the Company's reserves (including any share premium account and capital redemption reserve), which can be used for paying up the full nominal value of the extra Non-Cumulative Preference Shares, so that the extra Non-Cumulative Preference Shares can be allotted and issued.

The amount of unpaid dividend is called "the unpaid amount" in this Article 35. The extra Non-Cumulative Preference Shares will be credited as fully paid. The total nominal value of the extra Non-Cumulative Preference Shares to be allotted and issued will be equal to the

unpaid amount, after (in the case of the 6¼% Preference Shares) deducting any associated tax credit, multiplied by a set amount (the "multiple"), or worked out by using a formula. Subject to the last paragraph of this Article 35.10, the Directors will decide on the amount or formula before allotting the extra Non-Cumulative Preference Shares. The extra Non-Cumulative Preference Shares will be allotted and issued when the unpaid amount was due to be paid.

In relation to the 9¼% Preference Shares, the 9¾% Preference Shares and the 6¼% Preference Shares, the multiple to be used to calculate the nominal value of the extra Non-Cumulative Preference Shares to be allotted and issued will be:-

35.10.1 in relation to the 9¼% Preference Shares and 9¾% Preference Shares, $\frac{4}{3}$ and the resulting product will be rounded down to the nearest £1.

35.10.2 in relation to the 6¼% Preference Shares, $\frac{10}{9}$ and the resulting product will be rounded down to the nearest £1.

35.11 To pay up in full the extra Non-Cumulative Preference Shares referred to in Article 35.10, the Directors will:

35.11.1 capitalise from the reserves a sum equal to the total nominal value of the extra Non-Cumulative Preference Shares;

35.11.2 set the sum aside for the holders of Non-Cumulative Preference Shares on the Register at the close of business on the record date for the relevant dividend (or another date if the Directors consider it appropriate) and use that sum to pay up in full the extra Non-Cumulative Preference Shares; and

35.11.3 allot and issue the extra Non-Cumulative Preference Shares to the holders of the Non-Cumulative Preference Shares entitled to them.

35.12 The extra Non-Cumulative Preference Shares referred to in Article 35.10 will:

35.12.1 be in the same currency as;

35.12.2 have the same rights and restrictions as; and

35.12.3 rank equally with

the Non-Cumulative Preference Shares on which the dividend could not be paid in cash or, in the case of Non-Cumulative Preference Shares to which an exception in Article 35.5 applies, a dividend has not been declared and paid, but the recipients of the extra Non-Cumulative Preference Shares will not have any right to receive in cash any part of the dividend which has not been paid.

35.13 The Directors must call a General Meeting of the Company's shareholders if the Company cannot allot and issue the extra Non-Cumulative Preference Shares referred to in Article 35.10 because:

35.13.1 there is not enough authorised share capital; and/or

35.13.2 they are not authorised to allot enough Non-Cumulative Preference Shares under Section 80 of the CA 1985.

The Directors will propose resolutions at that meeting to increase the authorised share capital, and/or to grant the Directors the necessary authority to allot the extra Non-Cumulative Preference Shares.

- 35.14** The Directors can do anything which they think is necessary or convenient to carry out what is required by Articles 35.10 to 35.13.
- 35.15** If the day when dividends are payable on any Preference Shares is not a working day, the dividend will be paid on the next working day. There will be no interest or other payment for any delay.
- 35.16** Without prejudice to Articles 35.2, 35.3 and 35.4, when the Company has to work out a dividend on any Preference Shares for less than or more than a full dividend period, the daily dividend rate will be worked out by dividing the yearly dividend rate by 365 days. This daily rate will then be multiplied by the actual number of days which have passed in that period to give the amount payable for the relevant period. The Directors can, however, decide before any Preference Shares of any particular series are first allotted that a different amount should be paid on those Preference Shares on the first dividend payment date after allotment.
- 35.17** In the circumstances set out below and in relation to shares (whether Preference Shares or other shares) which rank equally with or behind the shares referred to in the circumstances below, the Company cannot:
- 35.17.1** redeem, reduce, buy or otherwise acquire in any other way, any series of Preference Shares or any other shares which rank equally with, or behind, the Preference Shares in sharing in the assets of the Company and the Company may not set aside any sum nor establish any sinking fund for their redemption, reduction, purchase or acquisition; or
 - 35.17.2** declare, or set aside any sum for the payment of, any dividends on any series of Preference Shares or any other shares of the Company which rank equally with, or behind, the Preference Shares in sharing in the Company's profits, except as allowed by Article 35.18.

The Company cannot do any of these things if, in relation to all other series of Preference Shares and any other shares of the Company which rank equally with the Preference Shares and which have the benefit of the provisions of this Article and which, in either case, are shares to which the requirement to declare and pay dividends in accordance with the provisions of Article 35.5 applies:

- 35.17.1** all dividends on Cumulative Preference Shares (including any dividend arrears) have not been fully paid, or a sum has not been set aside for full payment; or
- 35.17.2** the dividends on Non-Cumulative Preference Shares have not been fully paid, or a sum has not been set aside for full payment, or, if the Directors have decided that the provisions of Articles 35.10 to 35.13 will apply to a particular series of Non-Cumulative Preference Shares or the Articles provide that this is the case, the extra Non-Cumulative Preference Shares have not been allotted and issued in accordance with those Articles 35.10 to 35.13, in each case, on the dividend payment date or dates (if any) or in respect of the dividend period or periods which the Directors decided on before the relevant Non-Cumulative Preference Shares were first allotted or that is/are provided for in these Articles.

In addition, in the circumstances set out below and in relation to shares (whether Preference Shares or other shares) which rank equally with or behind the shares referred to in the circumstances below, the Company cannot:

35.17.1 redeem, reduce, buy or otherwise acquire in any other way, any series of Preference Shares (or any other shares of the Company which rank equally with such Preference Shares) (a) which are shares in respect of which an exception to Article 35.5 applies and which rank equally with or (b) which, other than any series of Preference Shares which are issued in satisfaction of an obligation existing on 27 April 2004, rank behind, the Preference Shares referred to in the circumstances below in sharing in the assets of the Company and the Company may not set aside any sum or establish any sinking fund for their redemption, reduction, purchase or acquisition; or

35.17.2 declare, or set aside any sum for the payment of, any dividends on any series of Preference Shares (or any other shares of the Company which rank equally with such Preference Shares) (a) which are shares in respect of which an exception to Article 35.5 applies and which rank equally with or (b) which, other than any series of Preference Shares which are issued in satisfaction of an obligation existing on 27 April 2004, rank behind, the Preference Shares referred to in the circumstances below in sharing in the profits of the Company, except as allowed by Article 35.18.

The Company cannot do any of these things if, in relation to all other series of Preference Shares (and any other shares of the Company which rank equally with the Preference Shares and which have the benefit of the provisions of this Article) in respect of which, in either case, an exception to Article 35.5 applies:

35.17.1 the Directors, in their discretion (and not because of Article 35.8 or the absence of profits of the Company which can be distributed) have decided not to declare a dividend, in whole or in part; or

35.17.2 where the Directors have decided that the provisions of Articles 35.10 to 35.13 will apply to a particular series of Non-Cumulative Preference Shares, or the Articles provide that this is the case, and in either case the application of Articles 35.10 to 35.13 is not mandatory, the Directors have decided not to allot and issue the extra Non-Cumulative Preference Shares in accordance with those Articles 35.10 to 35.13,

in each case, on the dividend payment date or dates (if any) or in respect of the dividend period or periods which the Directors decided on before the relevant Preference Shares, or other such shares, were first allotted or that is/are provided for in these Articles.

In the case of the Company declaring, or setting aside any sum for the payment of, any dividends on any series of Preference Shares which are issued in satisfaction of an obligation existing on 27 April 2004 and which rank behind the Preference Shares or other shares of the Company in sharing in the Company's profits, unless the Directors decide otherwise before Preference Shares of that series are first allotted, the amount of the profits of the Company which can be distributed and can be declared for the purposes of Articles 35.5 and 35.6, or set aside, shall be calculated on the basis that the amount of the profits of the Company which can be distributed has been reduced by the amount which would have been declared and paid on the Preference Shares or other shares of the Company ranking in priority to the series of Preference Shares which have been issued in satisfaction of the obligation referred to above had dividends been declared and paid in full on those Preference Shares or other shares of the Company.

35.18 Nothing in Articles 34 to 41 stops the Directors paying a special dividend of up to one penny per share if they consider that this is necessary to allow any of the Company's shares to continue to be classed as "wider range investments" as defined in the Trustee Act 2000.

- 35.19** The Company will pay dividends on any redeemable Preference Shares on the Redemption Date on which they are due to be redeemed. If the Redemption Date on which those Preference Shares are due to be redeemed is not a dividend payment date, the dividend will accrue to that Redemption Date and will be calculated as provided in Article 35.16. The meaning of "Redemption Date" is given in Article 37.3. The payment restrictions in Articles 35.6, 35.8 and 35.17 will apply to the payment. Otherwise this Article 35.19 applies despite anything else in Articles 34 to 41.
- 35.20** This Article applies to any Preference Shares which are allotted with the right to receive dividends in, or based on, a different currency from the currency of the Preference Shares. In the terms of the Preference Shares, the Directors can allow a dividend on the shares paid under Article 35.18 to be paid in a different currency from the currency of the Preference Shares.

36 The rights of Preference Shares to capital

- 36.1** If capital is returned or any assets are distributed to shareholders for any reason (including the Company being wound up), each Priority Preference Share will rank equally with every other Priority Preference Share, and with any other shares whose terms say that they rank equally with them, in sharing in the Company's assets. The Priority Preference Shares and any other shares whose terms say that they rank equally with them will rank ahead of all other shares in sharing in the Company's assets. In these circumstances the other Preference Shares will rank behind the Priority Preference Shares but will (unless their terms provide otherwise) rank equally with each other and with any other shares whose terms say that they rank equally with them in sharing in the Company's assets and will rank ahead of all other shares in sharing in the Company's assets. These provisions will not apply where the Company returns capital by redeeming or buying back any class of shares. If there is a return of capital to which this Article applies, each holder of a Preference Share will be entitled to receive all of the following from the Company's assets which can be distributed to its shareholders:
- 36.1.1** repayment of the amount paid up on the Preference Share, or the amount treated as paid up on the Preference Share;
 - 36.1.2** any premium which was paid or treated as paid when the Preference Share was issued;
 - 36.1.3** the amount of any dividend which is due for payment on, or after, the date the winding up commenced, or the date capital was returned in any other way, which is payable for a period ending on or before that date;
 - 36.1.4** any dividend arrears on any Cumulative Preference Shares held by him; and
 - 36.1.5** a proportion of any dividend if the dividend period began before the winding up commenced, or capital was returned in any other way, but ends after that date. The proportion will be the amount of the dividend that would otherwise have been payable for the period which ends on that date. This applies even if the dividend has not been declared or earned.
- 36.2** If there is a return of capital or distribution of assets to which Article 36.1 applies, and there is not enough to pay the amounts due on the Preference Shares and on any other shares whose rights say that they rank equally with them in sharing in the Company's assets, then:-

- 36.2.1 the holders of the Priority Preference Shares and the holders of those other shares which rank equally with them will share what is available in proportion to the amounts to which they are entitled. The holders of the Priority Preference Shares and the holders of those other shares will be given preference over the holders of other classes of shares which rank behind them in sharing in the Company's assets; and
- 36.2.2 to the extent that there are then any assets remaining, the holders of any Further Preference Shares (other than the Additional Preference Shares) and the holders of any other shares whose rights say they rank equally with such Further Preference Shares will share what is available in proportion to the amounts to which they are entitled and in accordance with their respective priorities. The holders of such Further Preference Shares and the holders of those other shares will be given preference over the holders of other classes of shares which rank behind them in sharing in the Company's assets.
- 36.3 No Preference Share gives any other right to share in the Company's assets.

37 Redeeming Preference Shares

- 37.1 The Company can redeem each series of Preference Shares (other than the 9¼% Preference Shares and 9%% Preference Shares) in the way set out in Article 37 subject to the legislation and Article 35.17. A particular series of Preference Shares cannot, however, be redeemed if the Articles so provide or the Directors have decided, before the Preference Shares of that series have been first allotted, that the Preference Shares of that series cannot be redeemed.
- 37.2 When a Preference Share is redeemed, the following will be paid for each Preference Share:
- 37.2.1 the amount of the nominal value paid up on the Preference Share, or the amount of the nominal value treated as paid up on it;
- 37.2.2 any dividend which has accrued on the Redemption Date on which the Preference Share is due to be redeemed if the Directors have decided before any Preference Shares of that series were first allotted that such dividend should be paid when that share is redeemed or the Articles so provide; and
- 37.2.3 any premium paid when the Preference Share was issued, if the Directors have decided before any Preference Shares of that series were first allotted that this premium should be paid when that share is redeemed or the Articles so provide.

The payment will be in the currency in which the Preference Share is denominated unless the Directors decide otherwise.

The meaning of "Redemption Date" is given below.

- 37.3 In order to redeem some or all of the Preference Shares of a particular series on a Redemption Date applicable to that series, the Company will give the holders of that particular series of Preference Shares notice in writing containing the information required by Article 37.5 (a "**Redemption Notice**").

For holders of Preference Shares with a fixed rate of dividend, the Redemption Notice must be given at least 30 days before the Redemption Date, but not more than 60 days before. For holders of Preference Shares with a variable rate of dividend, the Redemption Notice must be given at least 20 days before the Redemption Date, but not more than 60 days before.

Subject to the last paragraph of this Article 37.3, unless the Directors decide otherwise before Preference Shares of that series are first allotted the Redemption Date for a series of Preference Shares will be any date, which falls on or after the date the Directors have chosen as the first date on which the Preference Shares of that series can be redeemed (the "**first Redemption Date**") before any Preference Shares of that series were first allotted. The first Redemption Date for any series of Preference Shares must not be less than five years and one day after the Preference Shares of that series were first allotted except that this provision shall not apply to the 750,000 6.413% Non-Cumulative Callable Fixed-to-Floating Rate Series 'A' Preference Shares of US\$1 each and the 750,000 5.92% Non-Cumulative Callable Fixed-to-Floating Rate Series 'B' Preference Shares of US\$1 each of the Company. The Directors may also decide before any Preference Shares of a particular series are first allotted that any Redemption Date for that particular series after the first Redemption Date will only occur:

- 37.3.1 at specified intervals after the first Redemption Date;
- 37.3.2 after a period following the Redemption Date which precedes it; or
- 37.3.3 on particular dates.

For any series of Preference Shares which is first allotted as redeemable preference shares after Section 159A of the CA 1985 comes into force, the Directors may, before that series is first allotted, in addition to, or instead of, the dates referred to earlier in Article 37.3:

- 37.3.4 fix a date when the shares will be, or may be, redeemed;
- 37.3.5 fix a date by which the shares will be, or may be, redeemed; and/or
- 37.3.6 fix dates between which the shares will be, or may be, redeemed.

Subject to the provisions of the CA 1985 and all other laws and regulations applying to the Company, the Company may, at its option, redeem the 6½% Preference Shares on the first dividend payment date after 19 April 2024 or any fifth anniversary thereafter. The redemption payment will be £1 per 6½% Preference Share to be redeemed and an amount equal to the accrued but unpaid dividend in respect of the period from the dividend payment date preceding the date fixed for redemption.

- 37.4 If the Company is only going to redeem some of a series of Preference Shares, it will arrange for a draw to decide which Preference Shares to redeem on such basis as the Directors consider appropriate at the time. This will be drawn at the Registered Office or at any other place which the Directors decide on. The Auditors must be present at the draw.

- 37.5 A Redemption Notice must state:

- 37.5.1 the Redemption Date on which the Preference Shares are due to be redeemed;
- 37.5.2 the number of Preference Shares which are to be redeemed;
- 37.5.3 the redemption payment (specifying details of the amount of any dividend which may have accrued but is unpaid, which will be included in the redemption payment if the Directors have decided before any Preference Shares of that series were first allotted that such dividend should be paid when the shares are redeemed);
- 37.5.4 the place or places where documents of title for the Preference Shares must be presented and surrendered, and where the redemption payment will be made, in the

case of Preference Shareholders who hold their Preference Shares in certificated form; and

- 37.5.5 details of the issuer-instruction to be sent to the relevant system by the Company requesting the deletion of the entries in the relevant system relating to the relevant Preference Shares, in the case of Preference Shares held in uncertificated form.

Any Redemption Notice to be sent to holders of 6½% Preference Shares will be sent not less than 30 days nor more than 60 days before the Redemption Date.

On the relevant Redemption Date, the Company will redeem the relevant Preference Shares. This is subject to the other provisions of Article 37 and also to the legislation. If the Redemption Notice is defective in any way, or not given properly, the redemption will still be valid.

- 37.6** Unless the terms of issue provide otherwise, the redemption payment will be made by:

37.6.1 a cheque drawn on any bank in London; or

37.6.2 a transfer to an account held by the person to be paid at any bank in London, if the holder or joint holders has or have requested this before the date given in the Redemption Notice; or

37.6.3 any other method which the Directors may decide on and which is specified in the Redemption Notice.

- 37.7** In the case of Preference Shares held in certificated form, payment will be made when the relevant share certificate is presented and surrendered at the place, or any of the places, stated in the Redemption Notice. If a certificate is for more Preference Shares than are to be redeemed, the Company will send a certificate for the balance. This certificate will be sent within 14 days of redemption to the registered holder, or to the first-named joint holder, free of charge, but at the holder's risk.

In the case of Preference Shares held in uncertificated form, payment will be made when the Company has received confirmation from the relevant system of the deletions of the relevant entries on the relevant system.

- 37.8** All redemption payments will be made after complying with any tax laws, and any other laws, which apply.

- 37.9** The dividend on any Preference Shares which are to be redeemed will stop accruing from the date on which the redemption payment is due. But if the redemption payment is wrongly withheld or refused after it has become due, the dividend will be treated as continuing to accrue. This will be at the rate or rates which would have applied without the redemption, and will apply from that date until the day the redemption payment is made. The Preference Shares will not be treated as having been redeemed until the redemption payment has been made.

- 37.10** If the date on which the redemption payment is due is not a working day, then the payment will be made on the next working day. There will be no interest or other payment for the delay.

- 37.11** If the holder of any Preference Share which is being redeemed gives the Company a receipt for the redemption payment, or if the law treats him or her as giving a receipt, this will establish conclusively that the Company has carried out its obligation completely. If a

Preference Share is held jointly, this will apply to any receipt, or anything the law treats as a receipt, from the first-named joint holder.

- 37.12** Subject to any restrictions in the CA 1985, if the Company redeems or buys back any Preference Shares, the Directors can do either or both of the following things relating to the share capital representing the Preference Shares:

37.12.1 change the nominal amount of Preference Shares into Preference Shares of a larger or smaller nominal amount; or

37.12.2 convert this capital into shares of any other class of share capital in the same currency which exists at the time, or into unclassified shares in the same currency, with as near as possible the same total nominal amount.

Article 43 will apply to any change to the amount of Preference Shares which is carried out under Article 37.12.

- 37.13** The Company cannot redeem any Preference Shares unless it has received the prior consent of the FCA (if the Company is required to obtain such consent). If the FCA does consent to any redemption, it may impose any conditions at the time it gives the consent with which the Company must comply.

38 The voting rights of Preference Shares

- 38.1** Subject to Article 38.2, the holders of any series of Preference Shares are entitled to receive notice of General Meetings, and to attend, speak and vote at General Meetings, if any of the following apply:

38.1.1 a resolution is going to be proposed at the meeting which would vary or abrogate the rights and restrictions attached to that series of Preference Shares. In this case, they are only entitled to speak to and vote on this resolution; or

38.1.2 a resolution is going to be proposed at the meeting to wind up, or in relation to the winding up of, the Company. In this case they are only entitled to speak to and vote on this resolution; or

38.1.3 any other circumstances have arisen which the Articles provide or the Directors decided before the Preference Shares of that series were first allotted, would give the Preference Shareholders of that series a right to attend and speak and vote at meetings.

Notwithstanding the provisions above the holders of the 9¼% Preference Shares and 9¼% Preference Shares are entitled to receive notice of, and to attend General Meetings. They can only vote in the circumstances set out above.

- 38.2** If, on the dividend payment date which occurs immediately before the date of notice of any General Meeting of the Company, a dividend for the relevant series of Preference Shares has not been declared and paid in cash in full or, in the case of a series of Non-Cumulative Preference Shares to which the Directors have decided that the provisions of Articles 35.10 to 35.13 will apply (other than the 9¼% Preference Shares and 9¼% Preference Shares), the extra Non-Cumulative Preference Shares have not been allotted and issued, the holders of the Preference Shares of that series will be entitled to speak and vote on all resolutions proposed at that meeting. These rights of the holders of the Preference Shares of the relevant series will continue until, in the case of Cumulative Preference Shares, the Company has paid all unpaid dividends in full or, in the case of Non-Cumulative Preference

Shares, payment of dividends has been resumed in full or, if the provisions of Articles 35.10 to 35.13 apply, (other than in respect of the 9¼% Preference Shares and 9¾% Preference Shares) the extra Non-Cumulative Preference Shares have been allotted and issued.

- 38.3** The Preference Shareholders of any series can also require there to be a General Meeting if the Articles provide or the Directors have decided, before the Preference Shares of that series were first allotted, that those Preference Shareholders can do this. The Directors can decide when and how those Preference Shareholders can do this. If those Preference Shareholders require there to be a General Meeting in this way, the Directors must call the meeting as soon as it is practicable to do so.
- 38.4** Unless the Directors decide otherwise before Preference Shares of any series are first allotted, a Preference Shareholder of that series who attends personally or by a proxy (other than the chairman of the meeting in his capacity as a proxy) or by a company representative in each case who is present in person, will have one vote on a show of hands. If there is a poll, a Preference Shareholder of any series who attends personally, or who appoints a proxy or a company representative, will have such number of votes for such amount of nominal value of Preference Shares of the series of which he or she is the holder as the Directors shall decide before the Preference Shares of that series are first allotted or in accordance with Article 38.5. Other provisions in the Articles relating to voting rights will also apply to Preference Shareholders.
- 38.5** If there is a poll in relation to a resolution on which a holder of Priority Preference Shares is entitled to vote, the holders of 9¼% Preference Shares, the 9¾% Preference Shares and the 6¼% Preference Shares shall in the circumstances referred to in Article 38.4 have one vote for each £1 of nominal value of those series of Preference Shares held by him.

39 Buying back Preference Shares

The Company can buy back any Preference Shares which have been issued, on the terms and conditions decided on by the Directors. The Preference Shares can be bought back:

- 39.1.1** through the market;
- 39.1.2** by tender (which will be available to all holders of Preference Shares alike); or
- 39.1.3** if the Directors decide before the Preference Shares of any particular series are first allotted, by private arrangement.

The Directors must comply with the legislation and, if it applies, with Article 35.17.

40 Varying the rights of Preference Shares

- 40.1** The rights of the holders of any series of Preference Shares will be regarded as being varied or abrogated if:
- 40.1.1** the Directors seek to authorise, create or increase the amount of any class of shares, or other securities which can be converted into any class of shares, which rank ahead of the Preference Shares of the relevant series in sharing in the profits or assets of the Company, other than a series of Junior Preference Shares if, and to the extent that, the Directors have so decided before Junior Preference Shares of that series are first allotted that the provisions of this sub-paragraph shall not apply to such Junior Preference Shares;

- 40.1.2 immediately following a capitalisation of any reserves which are capable of being distributed to shareholders (other than in the case of distributable reserves which are being capitalised for the purposes of allotting and issuing extra Ordinary Shares to Ordinary Shareholders as permitted under Article 68 or for the purposes of allotting and issuing extra Non-Cumulative Preference Shares to Preference Shareholders as permitted under Article 35.10), the reserves which are held by the Company and its subsidiaries and are capable of being distributed would amount, in total, to less than a multiple (which in the case of the Priority Preference Shares is ten), decided on by the Directors before the Preference Shares of the relevant series are first allotted, of the total annual amount of any dividends payable in respect of all Preference Shares in issue at the time of that capitalisation;
- 40.1.3 any other series of Preference Shares or any other class of shares of the Company which is to rank equally with the relevant series of Preference Shares in some or all respects is created or issued or any securities are created or issued which are convertible into Preference Shares or those other shares, if, where the Preference Shares of the relevant series are Cumulative Preference Shares, the dividend payment on those Preference Shares (including any dividend arrears) has not been paid in full or, where the Preference Shares of the relevant series are Non-Cumulative Preference Shares, the dividend payment on the Preference Shares of the relevant series has not been paid in full on the dividend payment date which occurs immediately before the creation or issue of those shares or securities or, in the case of Non-Cumulative Preference Shares to which the Directors have decided (or the Articles provide) that the provisions of Articles 35.10 to 35.13 will apply if the extra Non-Cumulative Preference Shares have not been allotted and issued in respect of that dividend payment; or
- 40.1.4 any resolution is passed for the reduction of the amount of capital paid up on the Preference Shares of the relevant series.

Accordingly, unless the Directors decide otherwise before Preference Shares of any particular series are first allotted, these events can only take place if:

- 40.1.5 holders of at least three quarters in nominal value of all existing Preference Shares of the relevant series agree in writing; or
- 40.1.6 an Extraordinary Resolution, passed at a separate meeting of the holders of the existing Preference Shares of the relevant series approves the proposal in accordance with Article 45.3.

Subject to section 125 of the CA 1985, in the case of the 9¼% Preference Shares and 9¼% Preference Shares, the agreement in writing of the holders of a majority in nominal value of, or the approval of an ordinary resolution passed at a meeting of holders of the relevant class(es) of the Initial Preference Shares is sufficient.

Whenever the rights attached to existing Preference Shares of any particular series differ from the rights attached to existing Preference Shares of any other series and some matter arises which would amount to a variation or abrogation of the rights attached to all the Preference Shares of those series, if the effect of that variation or abrogation on all the Preference Shares of those series is, in the opinion of the Directors, substantially the same, the rights attached to all the Preference Shares of those series may be varied or abrogated by the agreement in writing of the holders of at least three quarters in nominal value of all the Preference Shares of those series (other than the 9¼% Preference Shares and the 9¼%

Preference Shares) or with the approval of any Extraordinary Resolution, passed at a separate meeting of the holders of all the Preference Shares of those series (other than the 9¼% Preference Shares and the 9¾% Preference Shares). Whenever this provision applies, all the holders of the Preference Shares of the relevant series (other than the 9¼% Preference Shares and the 9¾% Preference Shares) shall be treated as holding Preference Shares of a single class. Subject to section 125 of the CA 1985, a separate meeting of the holders of each of the 9¼% Preference Shares and the 9¾% Preference Shares must approve the proposal by the passing of an ordinary resolution at each such meeting of the relevant class or the holders of the majority in nominal value of each of these classes of Preference Shares must agree in writing.

However, this does not of itself restrict the Company's ability to redeem, or buy back, any shares before returning assets to Preference Shareholders.

- 40.2** Subject to Article 40.1 and unless the Directors decide otherwise before the Preference Shares of any particular series are first allotted, the special rights which apply to those Preference Shares will not be varied if:

- 40.2.1 any other series of Preference Shares is created or issued;
- 40.2.2 any other shares are created or issued which rank equally with, or behind, the Preference Shares in sharing in the Company's profits or assets; or
- 40.2.3 the Company redeems or buys back any of its shares which rank equally with, or behind, those Preference Shares in sharing in the Company's profits or assets.

For the avoidance of doubt, any shares of any other class which are created or issued which rank equally with the Preference Shares in sharing in the Company's profits or assets may have the benefit of the rights set out in Article 35.17.

- 40.3** If a new series of Preference Shares, or any other class of shares, is created, or issued, which ranks equally with the existing Preference Shares in sharing in the profits or assets of the Company, these can either have the same rights as, or different rights from, existing Preference Shares. This will not, of itself, be treated as varying or abrogating the rights of the existing Preference Shares. For example:

- 40.3.1 the rate of the dividend on the shares can be different;
- 40.3.2 the way that the dividend is worked out can be different including without limitation whether the dividend is cumulative or non-cumulative and whether Articles 35.10 to 35.13 apply and whether the requirement to declare and pay dividends in full under Article 35.5 applies;
- 40.3.3 the payment dates for dividends can be different;
- 40.3.4 the date from when the shares are entitled to dividends can be different; the premium may or may not be paid if capital is returned on the shares;
- 40.3.5 the Company can redeem the new shares or they can be non-redeemable;
- 40.3.6 if the Company can redeem the new shares, the redemption can be on different dates, and on different terms, from those which apply to the existing Preference Shares;
- 40.3.7 the new shares can be converted (on the terms and conditions set before the new shares are first allotted) into Ordinary Shares, or into any other class of shares which

rank equally with, or behind, the existing Preference Shares in sharing in the profits or assets of the Company;

40.3.8 the new shares and dividends payable in respect of those shares can be in any currency or denomination; and/or

40.3.9 the new shares can be in any basket of currencies if the legislation allows.

40.4 "In writing", for the purposes of Articles 40.1 and 42.10.1 means in writing or any substitute for writing, or both including electronic communication but only to the extent that both the Company and the other party or parties to the communication have agreed to accept it in such form.

41 Converting Preference Shares into other shares

41.1 If any Preference Shares are issued which can be converted into Ordinary Shares, or into any other class of shares which rank equally with, or behind, existing Preference Shares in sharing in the profits and assets of the Company, these are called "**Convertible Preference Shares**". If the Convertible Preference Shares become due to be converted, the Directors can decide that they will be converted as set out in Article 41.2 or in any other way which the legislation allows.

41.2 The Directors can decide to redeem any Convertible Preference Shares at their nominal value. The redemption must be made out of the proceeds of a fresh issue of Ordinary Shares or any other shares into which they can be converted and the following will apply:

41.2.1 the Convertible Preference Shares will give their holders the right and obligation to subscribe for the number of Ordinary Shares, or other shares, set by the terms of the Convertible Preference Shares;

41.2.2 the new shares will be subscribed for at the premium (if any) which is equal to the redemption money, less the nominal amount of the new shares. If the Convertible Preference Shares are not in sterling, the Directors will decide on the equivalent amount of sterling to work out the premium;

41.2.3 each holder of Convertible Preference Shares will be treated as authorising and instructing the Secretary, or anybody else the Directors decide on, to subscribe for the shares in this way, and to borrow money in anticipation of the redemption of the Convertible Preference Shares. This cannot be revoked; and

41.2.4 if a holder of Convertible Preference Shares converts them, or if someone does this for him or her, he or she will be treated as authorising and instructing the Directors to pay his or her redemption money to the Secretary, or anybody else the Directors decide on, and to subscribe for the new shares. If the redemption money is not in sterling, the Directors can decide how this is to be converted into sterling before being paid.

42 Rights of Preference Shares issued on or after 25 April 2006

42.1 The Company may from time to time issue Preference Shares. Subject to legislation in force at the relevant time, a series of Preference Shares shall have such rights to share in the profits and assets of the Company and such other rights as the Directors shall decide to give it before Preference Shares of that series are first allotted but any such decision shall be without prejudice to any rights attaching to any existing Preference Shares and no such

decision shall vary or abrogate the rights attaching to existing Preference Shares without such consent to the variation or abrogation as is required by these Articles. In deciding the rights attaching to any series of Preference Shares, the Directors shall decide upon the matters referred to in Articles 42.2 to 42.12 inclusive below and for the avoidance of doubt may decide upon such matters by reference to, or by deeming the application of, all or any of the rights, obligations, benefits or other matters set out in Articles 34 to 41.

42.2 Currency

Subject only to there being authorised but unissued share capital of the Company denominated in a relevant currency, a series of Preference Shares may be issued in such currency as the Directors shall decide.

42.3 Ranking

The Directors shall decide whether the rights attaching to a series of Preference Shares to share in the profits and assets of the Company rank equally with or behind or ahead of any other Preference Shares of the Company then in issue or to be issued and whether all or any of such rights or the ranking of such Preference Shares may be varied after Preference Shares of that series are first allotted and, if so, in what circumstances and subject to what conditions.

42.4 The rights of Preference Shares to share in profits

A series of Preference Shares shall have such rights to a preferential dividend as the Directors decide to give it before shares of that series are first allotted. Without prejudice to the generality of this statement, the Directors shall decide, in respect of any series, the matters set out in paragraphs 11A.4.1 to 11A.4.5 inclusive below.

42.4.1 Dividend rate

The Directors shall decide whether or not a dividend is payable, the extent to which a dividend shall be payable, and, if payable, at what rate or rates or how the rate or rates shall be determined;

42.4.2 Dividend Payment Dates

The Directors shall decide whether a dividend in respect of a series of Preference Shares is payable upon a specified date or dates or at a date or dates to be determined or otherwise;

42.4.3 Dividend Periods

The Directors shall decide the date (if any) from which a dividend will accrue and the date (if any) to which it will accrue and shall also decide how the amount of any dividend is to be calculated if it is or may be payable otherwise than in respect of the period between such dates;

42.4.4 Cumulative or non-cumulative dividend

The Directors shall decide whether the right to receive a dividend shall be cumulative or non-cumulative or may change from one to the other at any specified date or dates or at a date or dates to be determined in the future;

42.4.5 Shares in lieu of dividend

The Directors shall decide, in respect of a series of Preference Shares, whether or not additional Preference Shares may or shall be allotted and issued in lieu of a dividend.

- (i) No additional Preference Shares may be allotted and issued unless there is an amount in the Company's profit and loss account, or in any of the Company's reserves (including any share premium account and capital redemption reserve), which can be used for paying up the full nominal value of such Preference Shares.
- (ii) Additional Preference Shares allotted and issued in lieu of a dividend will be credited as fully paid. The total nominal value of the additional Preference Shares shall be determined in such manner and upon such terms as the Directors shall have decided before the Preference Shares of the relevant series in respect of which additional Preference Shares are to be allotted and issued are first allotted.
- (iii) To pay up in full additional Preference Shares to be allotted and issued in lieu of a dividend, the Directors will:
 - (a) capitalise from the reserves a sum equal to the total nominal value of such Preference Shares;
 - (b) set that sum aside for the holders of Preference Shares of the relevant series on the Register at the close of business on the record date for the relevant dividend (or another date if the Directors consider it appropriate) and use that sum to pay up in full the additional Preference Shares or, in the case of Preference Shares of the relevant series represented by share warrants to bearer at the relevant time, for the holders of such share warrants;
 - (c) allot and issue the additional Preference Shares to the holders of the Preference Shares entitled to them or, in the case of Preference Shares represented by share warrants to bearer, to a nominee for the holders of such share warrants; and
 - (d) if the additional Preference Shares to be allotted and issued in lieu of a dividend are denominated in a currency different from the currency in which the relevant reserves are denominated, the **Directors** shall use such exchange rate to calculate the amount of reserves to be capitalised as they consider appropriate.
- (iv) The Directors must call a General Meeting of the Company's shareholders if the Company cannot allot and issue the additional Preference Shares in lieu of a dividend because:
 - (a) there is not enough authorised share capital; and/or
 - (b) the Directors are not authorised to allot enough Preference Shares under Section 80 of the CA 1985.

The Directors will propose resolutions at that meeting to increase the *authorised share capital*, and/or to grant the Directors the necessary authority to *allot* the additional Preference Shares.

- (v) The Directors can do anything which they think is necessary or convenient to carry out what is required by this Article 42.4.5.

42.5 The Rights of Preference Shares to Capital

Article 36 shall apply to determine the rights of a Preference Share to share in the Company's assets unless the Directors decide otherwise in respect of any series of Preference Shares before Preference Shares of that series are first allotted and, in particular, but without prejudice to the generality of the foregoing the Directors may decide that a holder of a Preference Share will be entitled to receive some only of the amounts specified in Article 36.1 or may be entitled to receive additional amounts which may be fixed or to be calculated by reference to a formula or to be determined in any other manner whatsoever.

42.6 Redemption

In respect of any series of Preference Shares, the Directors may decide before Preference Shares of a series are first allotted that the Preference Shares of that series are Redeemable Preference Shares and, in such event, the Directors may:

- 42.6.1 designate any Redemption Date or Redemption Dates whatsoever or decide that there shall be no fixed Redemption Date or that a fixed Redemption Date or fixed Redemption Dates may be designated after allotment;
- 42.6.2 decide that any redemption in respect of a series of Redeemable Preference Shares shall be in respect of all of the Redeemable Preference Shares of such series or of part only; and
- 42.6.3 decide in their absolute discretion the terms of redemption and the manner in which such shares may be redeemed and, in particular, without prejudice to the foregoing:
 - (i) specify whether or not any dividend which may have accrued but which is unpaid as at a Redemption Date in respect of such series shall be payable as part of the redemption payment on such Redemption Date;
 - (ii) specify whether or not any premium paid when the Preference Shares were issued shall be payable as part of the redemption payment on a Redemption Date in respect of such shares; and
 - (iii) specify any other amounts which shall be payable as part of the redemption payment on a Redemption Date in respect of such series of Preference Shares.

42.7 Payment

- 42.7.1 Payment of any amount due to a holder of a Preference Share of any series (including, without prejudice to the foregoing, by way of dividend, on redemption or on a winding up) shall be made in the currency in which such Preference Share is denominated or in such other currency or currencies as may be determined by the Directors before Preference Shares of the relevant series are first allotted.
- 42.7.2 If the day on which payment of any amount due to a holder of a Preference Share of any series is not a working day, the payment will be made on the next working day. There will be no interest or other payment for any such delay.

42.8 Voting Rights

- 42.8.1 If the Directors so decide prior to the Preference Shares of any series being first allotted, the Preference Shareholders of such series shall have such rights to attend and/or speak and/or vote at such meetings as the Directors may decide.
- 42.8.2 If the Directors decide that Preference Shareholders shall have the right to vote at any meeting, they shall decide how many votes each Preference Shareholder shall have on (i) a show of hands and (ii) a poll and shall also decide when and how Preference Shareholders of such series shall exercise such right.
- 42.8.3 If the Directors so decide prior to the Preference Shares of any series being first allotted, Preference Shareholders of such series shall have the right to requisition a General Meeting of the Company. The Directors can decide when and how those Preference Shareholders can requisition a General Meeting.

42.9 Purchases of Preference Share

The Company can purchase any Preference Shares which have been issued, on the terms and conditions decided on by the Directors. The Preference Shares can be bought back:

- 42.9.1 through the market;
- 42.9.2 by tender (which will be available to all holders of Preference Shares alike); or
- 42.9.3 if the Directors decide before the Preference Shares of any particular series are first *allotted*, by private arrangement.

42.10 Variation of rights of Preference Shares

42.10.1 A variation or abrogation of rights attached to any particular series of Preference Shares can only take place if:

- (i) holders of at least three quarters in nominal value of all existing Preference Shares of the relevant series agree in writing; or
- (ii) an Extraordinary Resolution, passed at a separate meeting of the holders of the existing Preference Shares of the relevant series approves the proposal in accordance with Article 45.3.

Whenever the rights attached to existing Preference Shares of any particular series differ from the rights attached to existing Preference Shares of any other series and some matter arises which would amount to a variation or abrogation of the rights attached to all the Preference Shares of those series, if the effect of that variation or abrogation on all the Preference Shares of those series is, in the opinion of the Directors, substantially the same, the rights attached to all the Preference Shares of those series may be varied or abrogated by the agreement in writing of the holders of at least three quarters in nominal value of all the Preference Shares of those series or with the approval of any Extraordinary Resolution, passed at a separate meeting of the holders of all the Preference Shares of those series. Whenever this provision applies, all the holders of the Preference Shares of the relevant series shall be treated as holding Preference Shares of a single class.

42.10.2 Unless the Directors decide otherwise before the Preference Shares of any particular series are first allotted, the special rights which apply to those Preference Shares will not be varied or abrogated or deemed to be varied or abrogated if:

- (i) any other series of Preference Shares is created or issued;

- (ii) any other shares are created or issued which rank equally with, or behind, the Preference Shares in sharing in the Company's profits or assets; or
- (iii) the Company redeems or buys back any of its shares which rank equally with, or behind, those Preference Shares in sharing in the Company's profits or assets.

The Directors may also decide, in respect of any series of Preference Shares, before shares of that series are first allotted, that any other specified matter or specified matters will be, or will be deemed to be, or not to be, a variation or abrogation of rights attached to that series of Preference Shares.

42.11 If a new series of Preference Shares, or any other class of shares, is created, or issued, which ranks equally with the existing Preference Shares in sharing in the profits or assets of the Company ("**new shares**"), the new shares can have the same rights as, or different rights from, existing Preference Shares. This will not, of itself, be treated as varying or abrogating the rights of the existing Preference Shares. For example:

- 42.11.1 the rate of the dividend on the new shares can be different;
- 42.11.2 the way that the dividend is worked out can be different including, without limitation, whether the dividend is cumulative or non-cumulative;
- 42.11.3 the circumstances (if any) in which a dividend can be paid or cannot be paid can be different;
- 42.11.4 the payment dates for dividends can be different;
- 42.11.5 the date from when the new shares are entitled to dividends can be different;
- 42.11.6 a premium may or may not be paid if capital is returned on the shares whether or not such a premium is payable on the existing Preference Shares;
- 42.11.7 the Company can redeem the new shares or they can be non-redeemable whether or not existing Preference Shares are Redeemable Preference Shares;
- 42.11.8 if the Company can redeem the new shares, the redemption can be on different dates, and on different terms, from those which apply to the existing Preference Shares which are Redeemable Preference Shares;
- 42.11.9 the new shares can be converted (on the terms and conditions set before the new shares are first allotted) into Ordinary Shares, or into any other class of shares which rank equally with, or behind, or
- 42.11.10 ahead of the existing Preference Shares in sharing in the profits or assets of the Company;
- 42.11.11 the new shares and dividends payable in respect of those shares can be in any currency or denomination; and/or
- 42.11.12 the new shares can be in any basket of currencies if the legislation allows.

42.12 Conversion of Preference Shares into other shares

Before the Preference Shares of any series are first allotted the Directors may:

- 42.12.1 Decide that such Preference Shares shall be Convertible Preference Shares which:
 - will upon certain dates or in certain circumstances; or

- (i) may at the option of the Company upon certain dates or in certain circumstances; or
- (ii) may at the option of the Preference Shareholder upon certain dates or in certain circumstances,

be converted into:

- (i) Ordinary Shares; or
- (ii) any other class of shares which rank equally with, or behind, or ahead of existing Preference Shares in sharing in the profits and assets of the Company; or
- (iii) any other type of securities whatsoever,

42.12.2 Decide the number of shares or other securities into which such Preference Shares shall be converted, or any formula or other method for calculating this number;

42.12.3 Subject to the legislation, decide the manner in which such conversion shall be effected;

42.12.4 If the Convertible Preference Shares are to be redeemed for the purposes of the conversion, decide the person or persons, including without limitation the Secretary, who will:

- (i) be required to subscribe for the shares or other securities into which the Convertible Preference Shares are to be converted and to borrow money in anticipation of the redemption of the Convertible Preference Shares; and
- (ii) receive any redemption money payable to the relevant Preference Shareholder prior to subscription for such shares or other securities;

42.12.5 Decide, if the Convertible Preference Shares are not denominated in sterling, by what method the equivalent amount of sterling is to be calculated for the purposes of calculating any premium payable on any shares into which the Convertible Preference Shares are being converted;

42.12.6 Decide upon any other terms whatsoever in relation to such issue of Convertible Preference Shares.

42.13 Other terms and conditions of issue of Preference Shares

The Directors may decide any other terms or conditions of issue of a series of Preference Shares whatsoever.

43 The power to change capital

43.1 The Company's shareholders can pass Ordinary Resolutions to do any of the following:

- 43.1.1** consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger nominal amount than the existing shares;
- 43.1.2** cancel any shares which have not been taken, or agreed to be taken, by any person at the date of the resolution and reduce the amount of the Company's share capital by the amount of the cancelled shares; and

- 43.1.3 divide some or all of its shares into shares of a smaller nominal amount than the existing shares. This is subject to any restrictions in the CA 1985. The resolution may provide that, as between the holders of the divided shares, different rights and restrictions of a kind which the Company can apply to new shares may apply to different divided shares.

44 The special rights of new shares

- 44.1** Subject to Article 44.4, if the Company issues new shares, they may have any rights or restrictions attached to them. These rights and restrictions can apply to sharing in the Company's profits or assets. Other rights and restrictions can also apply, for example, on the right to vote. These rights and restrictions can give the new shares priority over some or all of the rights of existing shares, or existing shares can have priority over the rights of new shares. Alternatively, the new shares and the existing shares can have the same rights and restrictions.
- 44.2** The rights and restrictions referred to in Article 44.1 can be decided either by an Ordinary Resolution passed by the shareholders or by the Directors as long as there is no conflict with any resolution passed by the shareholders.
- 44.3** If the legislation allows this, the rights of any new shares can include a right for the holder and/or the Company to have them redeemed.
- 44.4** The rights of any new shares must not vary or abrogate any special rights already given to any other class of shares unless the holders of those shares have given their approval in the way required by Article 45.
- 44.5** The Directors can make it a term of any Preference Shares of a particular series that they can only be transferred as a unit together with another right or security. This can be for a limited period, or at all times, or until an event happens. The Directors must decide on any restrictions of this kind before the Preference Shares are first allotted. Article 52 (transferring shares) will apply to these Preference Shares, but the Directors can refuse to register a transfer of any of the Preference Shares to which this Article 44.5 applies if they are not transferred with the other right or security. To avoid any doubt, if any of these Preference Shares are to be traded on the London Stock Exchange, they must comply with its regulations and if any of these Preference Shares are to be listed on the official list of the UK Listing Authority they must comply with its regulations at the time of issue.

45 Changing the special rights of shares

- 45.1** If the Company's share capital is split into different classes of shares, and if the legislation allows this, the special rights which are attached to any of these classes can be changed or abrogated if this is approved by an Extraordinary Resolution. This must be passed at a separate meeting of the holders of the relevant class of shares. This is called a "**class meeting**". Article 45 is subject to what is said in Articles 40 and 42 about varying the rights of the Preference Shares.
- 45.2** The special rights of a class of shares can be changed or abrogated while the Company is a going concern or while the Company is being wound up (or while its winding up is being considered).
- 45.3** All the Articles relating to General Meetings apply, with any necessary changes, to a class meeting, but with the following changes:

- 45.3.1 at least two people who hold (or who act as proxies for) at least one third of the total nominal value of the existing shares of the class are a quorum, but if this quorum is not present at an adjourned meeting, one person who holds shares of the class, or his proxy, is a quorum other than in respect of the 9¼% Preference Shares and 9¼% Preference Shares when two people who hold shares of the relevant class, or his proxy, are a quorum;
 - 45.3.2 anybody who is personally present or who is represented by a proxy can demand a poll; and
 - 45.3.3 on a poll, the holders of shares will have one vote for every share of the class which they hold, but this is subject to any special rights or restrictions which are attached to any class of shares by the Articles or any rights which are attached to shares in some other way under the Articles.
- 45.4 This Article 45 also applies to any change or abrogation of special rights of shares forming part of a class, unless the terms of those shares require changes to be approved in some other way. Each part of the class which is being treated differently is treated as a separate class in operating this Article 45.

46 Issue and Sale of Unclaimed Shares

- 46.1 In this Article 46.1, “**Unclaimed Shares**” means shares in the Company which were or are issued in return for the cancellation of shares in Halifax Group under the Halifax Group Scheme which themselves were or are issued in return for the cancellation of shares in Halifax under the Scheme which were or are themselves issued in connection with the transfer of the business of Halifax Building Society to Halifax (either before the Vesting Day or under Article 46.1.6) which have not been claimed by the person entitled to them under the Transfer Agreement effecting the transfer of the business of Halifax Building Society to Halifax or, if that person has died, by the person entitled to the shares by law.
- 46.1.1 The Company can sell any Unclaimed Shares at the best price reasonably obtainable if:
- (i) during the three years following the Vesting Day, no person has given notice to Halifax, Halifax Group or the Company or to the registered holder of the Unclaimed Shares, that he is entitled to claim those shares;
 - (ii) on or after the expiry of this three year period Halifax Group or Halifax announces that it intends to sell the shares by placing an advertisement in a leading national newspaper in the United Kingdom and in at least one newspaper appearing in the area which includes the last known address held by Halifax Building Society of the person entitled to the shares;
 - (iii) during this three year period and for three months after the last of these advertisements appears, neither Halifax Group, Halifax nor the Company has received a claim for the shares together with registration details in a form satisfactory to the Company, from the person entitled to the shares; and
 - (iv) the Company has notified the UK Listing Authority that it intends to sell the shares.
- 46.1.2 To sell the shares in this way, any person who is the registered holder for and on behalf of the person entitled to the Unclaimed Shares which the Company is

proposing to sell shall, at the request of the Company, effect a transfer of those shares to any other person in accordance with the Company's instructions. If that person fails to effect the transfer at the request of the Company, the Company can appoint any person to effect a transfer of the shares. A transfer effected by a person appointed by the Company will be just as effective as if it had been effected by the registered holders of the shares. The ownership of the person to whom the shares are transferred will not be affected even if the sale is irregular or invalid in any way.

- 46.1.3 The net sale proceeds (called the "**money**" in this Article 46.1) belong to the Company until claimed under this Article 46.1, but, unless and until the money has been forfeited under Article 46.1.5, it must pay the money to the person who would have been entitled to claim the shares or would have been entitled to his shares by law, if the relevant person asks for it.
 - 46.1.4 After the sale, the Company must record the name of the person entitled to claim the shares as a creditor for the money in its accounts, unless and until the money has been forfeited under Article 46.1.5. The Company will not be a trustee of the money and will not be liable to pay interest on it. The Company can use the money, and any money earned by using the money, for its business or in any other way that the Directors decide, but the money cannot be invested in the Company's shares or in those of any holding company of the Company.
 - 46.1.5 If no valid claim for the money has been received by the Company under Article 46.1.3 during a period of nine years from the date on which the relevant Unclaimed Shares were sold by the Company under Article 46.1, the money will be forfeited and will belong to the Company.
 - 46.1.6 The Directors may issue fully paid Ordinary Shares at any time in order to satisfy a valid claim for shares by a person entitled to them under the Transfer Agreement or, if that person has died, by the person entitled to those shares by law. When issuing these shares, the Directors may capitalise a sufficient sum to pay up the shares in full from any of the Company's reserves or from funds which the Company is holding as net profit and Article 68.2 shall not apply to this capitalisation. The power to issue and pay up these shares is subject to the Directors having the necessary authority to allot a sufficient number of relevant securities.
- 46.2** In this Article 46.2, "**Unclaimed Preference Shares**" means any 6½% Preference Shares which are issued to the person appointed as trustee for the Unclaimed Preference Shares (or a nominee for such person) in return for the cancellation or transfer of shares in Halifax which were issued in connection with a transfer of the business of the Birmingham Midshires building society to Halifax, either on or before the date on which the business of that building society vested in Halifax in accordance with Section 97 of the Building Societies Act 1986, which have not been claimed by the person entitled to them under the transfer agreement effecting the transfer of the business of the Birmingham Midshires building society to Halifax under Section 97 or, if that person has died, by the person entitled to the shares by law.
- 46.2.1 The Company can sell any Unclaimed Preference Shares at the best price reasonably obtainable if:
 - (i) during the three years following 19 April 1999, no person has given notice to the Company or Halifax or to the registered holder of the Unclaimed Preference Shares, that he is entitled to claim those Preference Shares;

- (ii) on or after the expiry of this three year period, the Company announces that it intends to sell the Unclaimed Preference Shares by placing an advertisement in a leading national newspaper in the United Kingdom and in at least one newspaper appearing in the area which includes the last known address held by the relevant building society of the person entitled to those Preference Shares;
- (iii) during the three year period and for three months after the last of these advertisements appears, the Company or Halifax has not received a claim for those Preference Shares together with registration details in a form satisfactory to the Company, from the person entitled to them; and
- (iv) the Company has notified the UK Listing Authority that it intends to sell the Unclaimed Preference Shares.

- 46.2.2 To sell the Unclaimed Preference Shares in this way, any person who is the registered holder for and on behalf of the person entitled to the Unclaimed Preference Shares which the Company is proposing to sell must, at the request of the Company, effect a transfer of those Preference Shares to any other person in accordance with the Company's instructions. If that person fails to effect the transfer at the request of the Company, the Company can appoint any person to effect a transfer of the 6½% Preference Shares. A transfer effected by a person appointed by the Company will be just as effective as if it had been effected by the registered holders of the shares. The ownership of the person to whom the shares are transferred will not be affected even if the sale is irregular or invalid in any way.
- 46.2.3 The net sale proceeds (called the "money" in this Article 46.2) belong to the Company until claimed under this Article 46.2, but, unless and until the money has been forfeited under Article 46.2.5, it must pay the money to the person who would have been entitled to claim the 6½% Preference Shares or would have been entitled to the shares by law, if the relevant person claims it.
- 46.2.4 After the sale, the Company must record the name of the person entitled to claim the shares as a creditor for the money in its accounts, unless and until the money has been forfeited under Article 46.2.5. The Company will not be a trustee of money and will not be liable to pay interest on it. The Company can use the money, and any money earned by using the money, for its business or in any other way that the Directors decide, but the money cannot be invested in the Company's shares or in those of any holding company of the Company.
- 46.2.5 If no valid claim for the money has been received by the Company or Halifax under Article 46.2.3 during a period of nine years from the date on which the relevant Unclaimed Preference Shares were sold by the Company under this Article 46.2, the money will be forfeited and will belong to the Company.
- 46.2.6 The Directors may issue fully paid 6½% Preference Shares at any time in order to satisfy a claim for 6½% preference shares in Halifax by a person who, but for an error in the records of the relevant building society, would have been entitled to them under the relevant transfer agreement or, if that person has died, by the person entitled to those shares by law. When issuing the 6½% Preference Shares, the Directors may capitalise a sufficient sum to pay up the 6½% Preference Shares in full from any of the Company's reserves or from funds which the Company is holding as net profit and Article 40.1 or 68.2 shall not apply to this capitalisation. The power

to issue and pay up the Preference Shares is subject to the Directors having the necessary authority to allot a sufficient number of relevant securities.

47 All shares to be fully paid up

- 47.1** No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the Company in consideration for its issue.
- 47.2** This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

48 Powers to issue different classes of share

- 48.1** Subject to the Articles, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.
- 48.2** The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

49 Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

50 Share certificates

- 50.1** The Company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.
- 50.2** Every certificate must specify:
- 50.2.1** the number and class of shares to which it relates;
 - 50.2.2** the nominal value of those shares;
 - 50.2.3** that the shares are fully paid; and
 - 50.2.4** any distinguishing numbers assigned to them.
- 50.3** No certificate may be issued in respect of shares of more than one class.
- 50.4** If more than one person holds a share, only one certificate may be issued in respect of it.
- 50.5** Certificates must:
- 50.5.1** have affixed to them the Company's common seal; or
 - 50.5.2** be otherwise executed in accordance with the Companies Acts.

51 Replacement share certificates

- 51.1** A shareholder who has separate certificates in respect of shares of one class may request in writing that it be replaced with a consolidated certificate. The Company may comply with such request at its discretion.
- 51.2** A shareholder who has a consolidated share certificate may request in writing that it be replaced with two or more separate certificates representing the shares in such proportions as the shareholder may specify. The Company may comply with such request at its discretion.
- 51.3** If a share certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, the member shall be issued a new certificate representing the same shares upon request.
- 51.4** No new certificate will be issued pursuant to this Article 51 unless the relevant shareholder has:
- 51.4.1** first delivered the old certificate or certificates to the Company for cancellation; or
 - 51.4.2** complied with such conditions as to evidence and indemnity as the Directors may think fit; and
 - 51.4.3** paid such reasonable fee as the Directors may decide.
- 51.5** In the case of shares held jointly by several persons, any request pursuant to this Article 51 may be made by any one of the joint holders.

52 Share transfers

- 52.1** Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors. The instrument of transfer shall be executed by or on behalf of the transferor.
- 52.2** No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.
- 52.3** The Company may retain any instrument of transfer which is registered.
- 52.4** The transferor remains the holder of the shares concerned until the transferee's name is entered in the Register in respect of those shares.
- 52.5** If the Directors refuse to register the transfer of a share, the instrument of transfer must be returned to the transferee with the notice of the refusal unless they suspect that the proposed transfer may be fraudulent.

53 Transmission of shares

- 53.1** If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.
- 53.2** A transmittee who produces such evidence of entitlement to shares as the Directors may reasonably require:
- 53.2.1** may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and

53.22 subject to the Articles and pending any transfer of the shares to another person, has the same rights as the holder had.

53.3 A transmittee does not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which it is entitled, by reason of the holder's death or bankruptcy or otherwise, unless it becomes the holder of those shares.

54 Exercise of transmittees' rights

54.1 A transmittee who wishes to become the holder of shares to which it has become entitled must notify the Company in writing of that wish.

54.2 If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in hard copy form in respect of it.

54.3 Any transfer made or executed under this Article 54 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

55 Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the Register.

Reserves

56 Setting up reserves

The Directors can set aside any profits of the Company and hold them in a reserve. The Directors can decide to use these sums for any purpose for which the profits of the Company can lawfully be used. Sums held in a reserve can either be employed in the business of the Company or be invested. The Directors can divide the reserve into separate funds for special purposes and alter the funds into which the reserve is divided. The Directors can also carry forward any profits without holding them in a reserve. The Directors must comply with the restrictions under the legislation which relate to reserve funds.

57 Assets bought as from a past date

This Article 57 applies if the legislation allows this and the Directors decide to deal with profits, losses, dividends or interest as this Article 57 allows. Where any asset, business or property is bought by the Company as from a past date (whether that date is before or after the incorporation of the Company), any of the profits and losses can be added to the Company's revenue account and treated for all purposes as profits or losses of the Company. Similarly, where shares or other securities are purchased with any dividend or interest, any such dividend or interest can be treated as revenue, rather than being treated as a capital item.

Dividends

58 Final dividends

The Company's shareholders can declare dividends by passing an Ordinary Resolution. No such dividend can exceed the amount recommended by the Directors.

59 Fixed and Interim dividends

59.1 If the Directors consider that the profits of the Company justify such payments, they can:

- 59.1.1** pay the fixed dividends on any class of shares carrying a fixed dividend, including a dividend fixed by reference to or linked to a variable or floating
- 59.1.2** rate or determined by or linked to a formula or index, on the dates prescribed for the payment of those dividends; and
- 59.1.3** pay interim dividends on shares of any class of any amounts and on any dates and for any periods that they decide.

59.2 If the Directors act in good faith, they are not liable to the holders of any shares for any loss they may suffer because a lawful dividend has been paid under this Article 59 on other shares which rank equally with or behind their shares.

60 Distributions in kind

If the Directors recommend this, the Company's shareholders can pass an Ordinary Resolution to direct all or part of a dividend to be paid by distributing specific assets (and, in particular, paid-up shares or debentures of any other company). The Directors must give effect to this resolution. Where any difficulty arises on such a distribution, the Directors can settle it as they decide. In particular, they can:

- 60.1** issue fractional shareholdings;
- 60.2** value assets for distribution purposes;
- 60.3** pay cash of a similar value to adjust the rights of shareholders; and/or
- 60.4** vest any assets in trustees for more than one shareholder.

61 No dividends are payable except out of profits

No dividend can be paid otherwise than out of profits available for distribution under the legislation.

62 Apportioning dividends

All dividends will be divided and paid in proportions based on the amounts which have been paid up on the shares during any period for which the dividend is paid. Sums which have been paid up in advance of calls count as paid up for this purpose. If the terms of any share say that it will be entitled to a dividend as if it were a fully paid-up, or partly paid-up, share from a particular date (in the past or the future), it will be entitled to a dividend on this basis. This Article 62 applies unless the rights attached to any shares, or the terms of any shares, say otherwise.

63 Deducting amounts owing from dividends and other money

63.1 If a shareholder owes any money for calls on shares or money relating in any other way to shares, the Directors can deduct any of this money from:

- 63.1.1** any dividend on any shares held by the shareholder; or
- 63.1.2** any other money payable by the Company in connection with the shares.

- 63.2** Money deducted in this way can be used to pay amounts owed to the Company in connection with the shares.

64 Payments to shareholders

- 64.1** Any dividend or other money payable relating to a share can be paid by cheque or warrant payable to the shareholder who is entitled to it or to someone else named in a written instruction from the shareholder (or all joint shareholders) and in respect of a share held in uncertificated form can be paid using the facilities of a relevant system (subject to the facilities and requirements of the relevant system). A dividend or such other money can also be paid by inter-bank transfer or by other electronic means directly to an account with a bank or other financial institution (or other organisation operating deposit accounts) or by such other means and to such other persons as determined by the Directors and specified in the terms of issue of the relevant shares. A dividend or other money can also be paid in some other way agreed between the shareholder (or all joint shareholders) and the Company.

- 64.2** For joint shareholders or persons jointly entitled to shares by law, the Company can rely on a receipt for a dividend or other money paid on shares from any one of them on behalf of all of them.

- 64.3** Cheques and warrants are sent, and payment in any other way is made, at the risk of the person who is entitled to the money. The Company is treated as having paid a dividend if the cheque or warrant is cleared.

- 64.4** Unless the rights attached to any shares, or the terms of any shares, or the Articles say otherwise, a dividend or any other money payable in respect of a share can be paid in whatever currency the Directors decide.

- 64.5** No dividend or other sum payable by the Company on or in respect of its shares carries a right to interest from the Company.

- 64.6** The Company may cease to send any cheque or warrant (or to use any other method of payment) for any dividend payable in respect of a share if:

- 64.6.1** in respect of at least two consecutive dividends payable on that share the cheque or warrant has been returned undelivered or remains uncashed (or that other methods of payment have failed); and

- 64.6.2** following one such occasion, reasonable enquiries have failed to establish any new address of the holder

but, subject to the provisions of these Articles may recommence sending cheques or warrants (or using another form of payment) for dividends payable on that share if the person(s) entitled so request(s).

65 Record dates for payments and other matters

Any dividend on any shares can be paid to the registered holder or holders of the shares, at the close of business on a particular day stated in the resolution passed for payment of the dividend. It will be based on the number of shares registered on that day. This Article 65 applies whether what is being done is the result of a resolution of the Directors or a resolution passed at a General Meeting. The date can be before any relevant resolution was passed. This Article 65 does not affect the rights between past and present shareholders to payments or other benefits.

66 Dividends and other moneys which are not claimed

- 66.1** Subject to Article 66.2, where any dividends or other moneys payable in relation to Unclaimed Shares, Unclaimed Preference Shares or shares in the Company have not been cashed or claimed by such holder of Unclaimed Shares, Unclaimed Preference Shares or shares in the Company, the Company can invest such dividends or other moneys to use them in any other manner for the Company's benefit until they are cashed or claimed. Neither the Company, Halifax nor Halifax Group shall be a trustee of such dividends or other moneys or shall be liable to pay interest on such dividends or other moneys.
- 66.2** Any dividends or other moneys payable in relation to Unclaimed Shares, Unclaimed Preference Shares or shares in the Company that have not been cashed or claimed by such shareholder or a person entitled by law to such dividends or other moneys after a period of 12 years after such dividend was declared or other moneys became due for payment will be forfeited and belong to the Company. Neither the Company, Halifax nor Halifax Group shall be liable in any respect, nor be required to account to the relevant shareholder or person entitled by law to such dividends or other moneys and the Company, Halifax or Halifax Group shall be entitled to use such dividends for the Company's benefit in any manner that the Directors may from time to time think fit, including for the avoidance of doubt, for the benefit of the Parent Company.

67 Waiver of dividends

All or any part of a dividend can be waived by means of a document on which the Company acts. The document must be signed by the shareholder (or the person entitled to the shares by law) and delivered to the Company. The document need not be in the form of a deed.

68 Capitalising reserves

- 68.1** Subject to Article 40.1, the Company's shareholders can pass an Ordinary Resolution to capitalise any sum:
- 68.1.1** which is part of any of the Company's reserves (including premiums received when any shares were issued, capital redemption reserves or other undistributable reserves); or
 - 68.1.2** which the Company is holding as net profits.
- 68.2** Unless the Ordinary Resolution states otherwise, the Directors will use the sum which is capitalised by setting it aside for the Ordinary Shareholders on the Register at the close of business on the day the resolution is passed (or another date stated in the resolution or fixed as stated in the resolution). The sum set aside must be used to pay up in full shares of the Company which shall be allotted and distributed to shareholders as bonus shares in proportion to their holdings of Ordinary Shares at the time specified in the resolution. The shares can be Ordinary Shares or, if the rights of other existing shares allow this, shares of some other class.
- 68.3** If any difficulty arises in operating this Article 68, the Directors can resolve it in any way which they decide. For example, they can deal with entitlements to fractions of a share by deciding that the benefit of share fractions belong to the Company or that share fractions are ignored or deal with fractions in some other way.

- 68.4** The Directors can appoint any person to sign any contract with the Company on behalf of those who are entitled to shares under the Ordinary Resolution. Such a contract is binding on all concerned.

69 Distribution of assets in kind

If the Company is wound up (whether the liquidation is voluntary, under supervision of the Court or by the Court), the Liquidator can, with the authority of an Extraordinary Resolution passed by the shareholders, divide among the shareholders the whole or any part of the assets of the Company, subject to the rights of any class of share which then exists (including the rights of any Preference Shares of any particular series). This applies whether the assets consist of property of one kind or different kinds. For this purpose, the Liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between shareholders or different groups of shareholders. The Liquidator can transfer any part of the assets to trustees upon such trusts for the benefit of shareholders as the Liquidator, acting under that resolution, decides. The liquidation of the Company can then be closed and the Company dissolved. However, no past or present shareholder can be compelled to accept any shares or other property under this Article 69 which carries a liability.

Part 4

Decision-Making by Shareholders

Organisation of General Meetings

70 Attendance and speaking at general meetings

- 70.1** A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate, during the meeting, any information or opinions which that person has on the business of the meeting.
- 70.2** A person is able to exercise the right to vote at a general meeting when:
- 70.2.1** that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - 70.2.2** that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 70.3** The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 70.4** In determining attendance at a general meeting, it is immaterial whether any two or more persons attending it are in the same place as each other or how they are able to communicate with each other.
- 70.5** Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

71 Postponement or cancellation of general meetings

The Directors may resolve to postpone or cancel any general meeting or move the place or places (including, for a combined physical and electronic general meeting and an electronic-only general meeting, electronic platform) of such meeting before the time at which it is to be held, except where the postponement or cancellation or move would be contrary to the Companies Act or applicable law. The Directors may give notice of a postponement or cancellation or move as they think fit but any failure to give notice of a postponement or cancellation or move does not invalidate the postponement or cancellation or move or any resolution passed at a postponed or moved meeting. Notice of the business of a postponed or moved meeting does not need to be given again. If a meeting is postponed or moved, the appointment of a proxy for that meeting is valid if it is done in accordance with these Articles and received not less than 48 hours before the commencement of the postponed or moved meeting to which it relates. The Directors may also postpone or cancel or move a postponed or moved meeting under this Article.

72 Quorum for general meetings

No business other than the appointment of the Chair of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

73 Chairing general meetings

73.1 If the Directors have appointed a Chair, the Chair shall chair general meetings if present and willing to do so.

73.2 If the Directors have not appointed a Chair, or if the Chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

73.2.1 the Directors present; or

73.2.2 (if no Directors are present), the meeting,

must appoint a Director or shareholder to chair the meeting, and such appointment must be the first business of the meeting.

73.3 The person chairing a meeting in accordance with this Article 72 is referred to as the "**Chair of the Meeting**".

74 Attendance and speaking by Directors and non-shareholders

74.1 Directors may attend and speak at general meetings, whether or not they are shareholders.

74.2 The Chair of the Meeting may permit other persons who are not:

74.2.1 shareholders of the Company; or

74.2.2 otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

75 Adjournment

75.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the Chair of the Meeting must adjourn it.

- 75.2** The Chair of the Meeting may adjourn a general meeting at which a quorum is present if:
- 75.2.1** the meeting consents to an adjournment; or
 - 75.2.2** the Chair of the Meeting considers that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 75.3** The Chair of the Meeting must adjourn a general meeting if directed to do so by the meeting.
- 75.4** When adjourning a general meeting, the Chair of the Meeting must specify the time and place or places (including, for a combined physical and electronic general meeting and an electronic-only general meeting, electronic platform) to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors.
- 75.5** If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
- 75.5.1** to the same persons to whom notice of the Company's general meetings is required to be given; and
 - 75.5.2** containing the same information which such notice is required to contain.
- 75.6** No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.
- 76 Combined physical and electronic general meetings and electronic-only general meetings**
- 76.1** The Directors may decide to hold a general meeting as a combined physical and electronic general meeting or an electronic-only general meeting, and in such case, shall provide details of the means for members to attend and participate in the meeting, including, as applicable, the physical place or places of meeting and the electronic platforms to be used.
- 76.2** The Directors and the Chair of a combined physical and electronic general meeting or an electronic-only general meeting may make any arrangement and impose any requirement or restriction as is:
- 76.2.1** necessary to ensure the identification of those taking part and the security of the electronic communication; and
 - 76.2.2** proportionate to achieving these objectives.
- 76.3** Nothing in Article 76.2 shall affect the Directors' or the Chair's power to require reasonable evidence of the entitlement of any person who is not a member to participate in the meeting.
- 76.4** All resolutions put to members at a combined physical and electronic general meeting or an electronic-only general meeting shall be voted on by a poll in accordance with Articles 79 and 80.
- 76.5** Persons seeking to attend or participate in a combined physical and electronic general meeting or an electronic-only general meeting via an electronic platform shall be responsible for ensuring that they have access to the facilities (including, without limitation, systems, equipment and connectivity) which are necessary to enable them to attend or participate in such general meeting. Unless a person is unable to attend or participate in a meeting

because such meeting has been adjourned by the Chair in accordance with the provisions of Article 75, any inability of a person or persons to attend or participate in a combined physical and electronic general meeting or an electronic-only general meeting via an electronic platform, in whole or in part, will not affect the validity of such meeting, or any business conducted at such meeting up to the point of adjournment, or any action taken pursuant to such meeting

Voting at General Meetings

77 Voting: general

At any general meeting which is held only as a physical general meeting, a resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

78 Errors and disputes

78.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

78.2 Any such objection must be referred to the Chair of the Meeting, whose decision is final.

79 Poll votes

79.1 A poll on a resolution may be demanded:

79.1.1 in advance of the general meeting where it is to be put to the vote; or

79.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

79.2 A poll may be demanded by:

79.2.1 the Chair of the Meeting;

79.2.2 the Directors;

79.2.3 two or more persons having the right to vote on the resolution; or

79.2.4 a person or persons representing not less than 10% of the total voting rights of all the shareholders having the right to vote on the resolution.

79.3 A demand for a poll may be withdrawn if:

79.3.1 the poll has not yet been taken; and

79.3.2 the Chair of the Meeting consents to the withdrawal.

79.4 Polls must be taken immediately and in such manner as the Chair of the Meeting directs.

79.5 At a general meeting which is held as a combined physical and electronic general meeting or an electronic-only general meeting, a resolution put to the vote of the meeting shall be decided on a poll, and any such poll will be deemed to have been validly demanded at the time fixed for holding the meeting to which it relates.

80 Procedure on a poll

A poll shall be taken in such manner (including the use of ballot, electronic voting, voting papers or tickets) as the Chair of the meeting may direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The Chair of the meeting may (and if so directed by the meeting shall) appoint scrutineers (who need not be members) and may adjourn the meeting to some place, date and time fixed by him for the purpose of declaring the result of the poll.

81 Content of proxy notices

81.1 Proxies may only validly be appointed by a notice in writing (a "**proxy notice**") which:

- 81.1.1** states the name and address of the shareholder appointing the proxy;
- 81.1.2** identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;
- 81.1.3** is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
- 81.1.4** is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

81.2 The Company may require proxy notices to be delivered in a particular form and may specify different forms for different purposes.

81.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

82 Delivery of proxy notices

82.1 Proxy notices in hard copy form must be received at such place and by such deadline specified in the notice convening the meeting. If no place is specified, then the proxy notice must be received at the Registered Office. If no deadline is specified, proxy notices must be received, before the start of the meeting or adjourned meeting or, if a poll is taken otherwise than at or on the same day as the meeting or adjourned meeting, at the time for the taking of the poll at which it is to be used.

82.2 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

82.3 An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

82.4 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

82.5 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

82.6 Any vote cast or poll demanded by a proxy shall not be invalidated by the previous death or insanity of the shareholder or by the revocation or termination of the appointment of the

proxy or of the authority under which the appointment was made unless notice of such death, insanity, revocation or termination was received in writing at the place specified in the notice of meeting for the receipt of proxy notices (or, if no place is specified, the Registered Office) before the start of the meeting or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for the taking of the poll.

83 Amendments to resolutions

83.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

83.1.1 notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chair of the Meeting may determine); and

83.1.2 the proposed amendment does not, in the reasonable opinion of the Chair of the Meeting, materially alter the scope of the resolution.

83.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

83.2.1 the Chair of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

83.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

83.3 If the Chair of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chair of the Meeting's error does not invalidate the vote on that resolution.

Part 5 Administrative Arrangements

84 Means of communication to be used

84.1 Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the Company.

84.2 Any notice, document or information (including a share certificate) which is sent or supplied by the Company in hard copy form, or in electronic form but to be delivered other than by electronic means, which is:

84.2.1 sent by hand and properly addressed shall be deemed to have been received by the intended recipient on the day of delivery;

84.2.2 sent by pre-paid post and properly addressed shall be deemed to have been received by the intended recipient at the expiration of 24 hours (or, where first class mail is not employed, 48 hours) after the time it was posted,

and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed and, in the case of post, pre-paid and posted.

- 84.3** Any notice, document or information which is sent or supplied by the Company by electronic means shall be deemed to have been received by the intended recipient 24 hours after it was transmitted, and in proving such receipt it shall be sufficient to show that such notice, document or information was properly addressed.
- 84.4** The accidental failure to send, or the non-receipt by any person entitled to, any notice of or other document or information relating to any meeting or other proceeding shall not invalidate the relevant meeting or proceeding.
- 84.5** Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.
- 84.6** A Director may agree with the Company that notices, documents or information sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than that provided in this Article 84.

85 Joint holders

- 85.1** Except as otherwise specified in the Articles, anything which needs to be agreed or specified by the joint holders of a share shall for all purposes be taken to be agreed or specified by all the joint holders where it has been agreed or specified by the joint holder whose name stands first in the register of members in respect of the share.
- 85.2** Except as otherwise specified in the Articles, any notice, document or information which is authorised or required to be sent or supplied to joint holders of a share may be sent or supplied to the joint holder whose name stands first in the register of members in respect of the share, to the exclusion of the other joint holders.
- 85.3** The provisions of this Article 85 shall have effect in place of the provisions of Schedule 5 of the Companies Act 2006 regarding joint holders of shares.

86 Company seals

- 86.1** Any common seal may only be used by the authority of the Directors.
- 86.2** The Directors may decide by what means and in what form any common seal is to be used.
- 86.3** Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 86.4** For the purposes of this Article 86, an authorised person is:
- 86.4.1** any Director of the Company;
 - 86.4.2** the Secretary (if any); or
 - 86.4.3** any person authorised by the Directors for the purpose of signing documents to which the common seal is applied.
- 86.5** The Company may exercise all powers conferred by the Companies Act 2006 with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

87 No right to inspect accounts and other records

Except as provided by law or authorised by the Directors or an ordinary resolution of the Company, no person is entitled to inspect any of the Company's accounting or other records or documents merely by virtue of being a shareholder.

88 Provision for employees on cessation of business

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

89 Bank mandates

The Directors may by majority decision or written resolution authorise such person or persons as they think fit to act as signatories to any bank account of the Company and may amend or remove such authorisation from time to time by resolution.

90 Authentication of documents

90.1 Any Director or the Secretary (if any) or any person appointed by the Directors for the purpose shall have power to authenticate:

90.1.1 any document affecting the constitution of the Company;

90.1.2 any resolution passed at a general meeting or at a meeting of the Directors or any committee; and

90.1.3 any book, record, document or account relating to the business of the Company, and to certify copies or extracts as true copies or extracts.

90.2 A document purporting to be a copy of any such resolution, or an extract from the minutes of any such meeting, which is certified shall be conclusive evidence in favour of all persons dealing with the Company that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

Directors' Liabilities

91 Indemnity

91.1 Subject to Article 91.2, a Relevant Director may be indemnified out of the Company's assets against:

91.1.1 any liability incurred by or attaching to that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an Associated Company;

91.1.2 any liability incurred by or attaching to that Director in connection with the activities of the Company or an Associated Company in its capacity as a trustee of an occupational pension scheme (as defined in Section 235(6) of the Companies Act 2006);

91.1.3 any other liability incurred by or attaching to that Director as an officer of the Company or an Associated Company.

91.2 This Article 91 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

91.3 Where a Relevant Director is indemnified against any liability in accordance with this Article, such indemnity shall extend to all costs, charges, losses, expenses and liabilities incurred by the Relevant Director in relation thereto.

92 Insurance

92.1 The Directors shall have the power to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Director in respect of any relevant loss.

92.2 In this Article 92, a “**relevant loss**” means any loss or liability which has been or may be incurred by a Relevant Director in connection with that Director’s duties or powers in relation to the Company, any Associated Company or any pension fund or employees’ share scheme of the Company or Associated Company.

93 Defence expenditure

93.1 So far as may be permitted by the Companies Acts, the Company may:

93.1.1 provide a Relevant Director with funds to meet expenditure incurred or to be incurred by the Relevant Director in:

- (i) defending any criminal or civil proceedings in connection with any negligence, default, breach of duty or breach of trust by the Relevant Director in relation to the Company or an Associated Company; or
- (ii) in connection with any application for relief under the provisions mentioned in Section 205(5) of the Companies Act 2006; and

93.1.2 do anything to enable any such Relevant Director to avoid incurring such expenditure.

93.2 The terms set out in Section 205(2) of the Companies Act 2006 shall apply to any provision of funds or other things done under Article 93.1.

93.3 So far as may be permitted by the Companies Acts, the Company:

93.3.1 shall provide a Relevant Director with funds to meet expenditure incurred or to be incurred by the Relevant Director in defending themselves in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust by the Relevant Director in relation to the Company or any Associated Company; and

93.3.2 may do anything to enable the Relevant Director to avoid incurring such expenditure.

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