

OFFERING CIRCULAR

2065
Dated 23rd September, 1997 ✓



LLOYDS BANK Plc ✓

*(Incorporated in England with limited liability under the Companies Act 1862
and the Companies Act 1985 with registered number 2065) ✓*

£3,000,000,000

Euro Medium Term Note Programme

Under the Euro Medium Term Note Programme described in this Offering Circular (the "Programme"), Lloyds Bank Plc (the "Bank"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Euro Medium Term Notes (the "Notes"). The aggregate principal amount of Notes outstanding will not at any time exceed £3,000,000,000 (or the equivalent in other currencies), subject to increase as provided herein.

Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for Notes issued within 12 months after the date of this Offering Circular to be admitted to the Official List. However, unlisted Notes may be issued pursuant to the Programme. The relevant Pricing Supplement (as defined herein) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the London Stock Exchange (or any other stock exchange).

Copies of this document, which comprises listing particulars approved by the London Stock Exchange in relation to Notes to be issued within the period of 12 months after the date of this Offering Circular, have been delivered for registration to the Registrar of Companies in England and Wales as required by Section 149 of the Financial Services Act 1986. ✓

Each Tranche (as defined herein) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a "temporary Global Note") or a permanent global note in bearer form (each a "permanent Global Note"). Notes in registered form will be represented by registered certificates (each a "Certificate"), one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Tranche. Global Notes and Certificates may be deposited on the issue date with a common depositary on behalf of Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System ("Euroclear") and Cedel Bank, société anonyme ("Cedel Bank") and/or any other agreed clearance system. The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Bearer Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

Arrangers

Merrill Lynch International

**Merrill Lynch
Capital Markets Bank Limited**
Frankfurt/Main Branch

Dealers

**Citibank International plc
Goldman Sachs International
Lloyds Bank Plc
J.P. Morgan Securities Ltd.**

**Deutsche Morgan Grenfell
Lehman Brothers
Merrill Lynch International
SBC Warburg Dillon Read**

UBS Limited

This document comprises listing particulars given in compliance with the listing rules made under Section 142 of the Financial Services Act 1986 by the London Stock Exchange for the purpose of giving Information with regard to the Bank, the Lloyds Bank Group (as defined below) and the Notes. The Bank accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Bank (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than as contained in this document in its entirety in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank or any of the Dealers or Arrangers or the Trustee (as defined in "Summary of the Programme"). Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank, its subsidiaries, subsidiary undertakings or associated undertakings since the date hereof or the date upon which this document has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by the Bank, the Trustee or any of the Dealers that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer of, or an invitation by or on behalf of the Bank or any of the Dealers to any person to subscribe for or purchase, any Notes.

The Dealers expressly do not undertake to review the financial condition or affairs of the Bank during the life of the Programme.

The distribution of this document and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this document comes are required by the Bank, the Dealers and the Arrangers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. The Notes are not eligible for sale under Rule 144A under the Securities Act. For a description of certain restrictions on offers and sales of Notes and on distribution of this document, see "Subscription and Sale".

In connection with any Tranche (as defined in "Summary of the Programme"), one of the Dealers may act as a stabilising agent (the "Stabilising Agent"). The identity of the Stabilising Agent (if any) will be disclosed in the relevant Pricing Supplement. References in the next paragraph to "this issue" are to each Tranche in relation to which a Stabilisation Agent is appointed.

In connection with this issue, the Stabilising Agent may over-allot or effect transactions which stabilise or maintain the market price of the Notes of this issue at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and will be carried out in accordance with applicable laws and regulations.

In this Offering Circular, unless otherwise specified or the context otherwise requires, references to "£", "pounds" and "Sterling" are to pounds sterling, references to "U.S.\$" and "U.S. dollars" are to United States dollars, references to "Yen", "JPY" and "¥" are to Japanese Yen, references to "N.Z. dollars" and "N.Z.\$" are to the currency of New Zealand and references to "ECU" are to European Currency Units.

References to the "Group" or to the "Lloyds Bank Group" are to the Bank, its subsidiaries, subsidiary undertakings and associated undertakings.

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DOCUMENTS INCORPORATED BY REFERENCE

This Offering Circular should be read and construed in conjunction with each relevant Pricing Supplement and the most recently published audited annual accounts of the Bank, which shall be deemed to be incorporated in, and to form part of, this Offering Circular and which shall be deemed to modify or supersede the contents of this Offering Circular to the extent that a statement contained in any such document is inconsistent with such contents; provided, however, that no such document or modifying or superseding statement shall form part of the listing particulars issued in compliance with the listing rules made under Section 142 of the Financial Services Act 1986.

SUPPLEMENTARY LISTING PARTICULARS / SUPPLEMENTAL OFFERING CIRCULAR

If at any time the Bank shall be required to prepare supplementary listing particulars pursuant to Section 147 of the Financial Services Act 1986, the Bank will prepare and make available an appropriate amendment or supplement to this Offering Circular or a further offering circular which, in respect of any subsequent issue of Notes to be listed on the London Stock Exchange, shall constitute supplementary listing particulars as required by the London Stock Exchange and Section 147 of the Financial Services Act 1986.

SUMMARY OF THE PROGRAMME

The following summary is qualified in its entirety by the remainder of this Offering Circular.

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| Bank: | Lloyds Bank Plc. |
| Description: | Euro Medium Term Note Programme. |
| Size: | Up to £3,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate principal amount of Notes outstanding at any one time. The Bank may increase the aggregate principal amount of Notes which may be issued under the Programme in accordance with the Programme Agreement. |
| Arranger: | Merrill Lynch International (other than for issues of Notes denominated or payable in Deutsche Marks ("Deutsche Mark Notes")). |
| Deutsche Mark Arranger: | Merrill Lynch Capital Markets Bank Limited, Frankfurt/Main Branch. |
| Dealers: | Citibank International plc Deutsche Bank AG London Goldman Sachs International Lehman Brothers International (Europe) Lloyds Bank Plc Merrill Lynch International J.P. Morgan Securities Ltd. Swiss Bank Corporation UBS Limited The Bank may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Circular to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and to "Dealers" are to all Permanent Dealers and all persons appointed as dealers in respect of one or more Tranches. |
| Trustee: | The Law Debenture Trust Corporation p.l.c. |
| Issuing and Paying Agent: | Morgan Guaranty Trust Company of New York, London office. |
| Method of Issue: | The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "Series") having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "Tranche") on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, where necessary, with supplemental terms and conditions and, save in respect of the issue date, issue price, first payment of interest and principal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be set out in a pricing supplement (each a "Pricing Supplement"). |
| Issue Price: | Notes may be issued at their principal amount or at a discount or premium to their principal amount. Partly-paid Notes may be issued, the issue price of which will be payable in two or more instalments. |

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| Form of Notes: | <p>The Notes may be issued in bearer form only ("Bearer Notes"), in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") or in registered form only ("Registered Notes"). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Summary of the Programme - Selling Restrictions"), otherwise such Tranche will be represented by a permanent Global Note. Temporary Global Notes and permanent Global Notes are together referred to as "Global Notes". Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder's entire holding of Registered Notes of one Tranche. Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as "Global Certificates".</p> |
| Clearing Systems: | <p>Cedel Bank, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Bank, the Issuing and Paying Agent, the Trustee and the relevant Dealer.</p> |
| Initial Delivery of Notes: | <p>On or before the issue date for each Tranche, the temporary Global Note or, as the case may be, the permanent Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Cedel Bank. Global Notes or Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Bank, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.</p> |
| Currencies: | <p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued denominated in Australian dollars, Austrian schillings, Canadian dollars, Danish kroner, Deutsche Marks, Dutch guilders, ECU, Finnish markkas, Hong Kong dollars, Italian lire, New Zealand dollars, Portuguese escudos, Sterling, Swedish kronor, Swiss francs, U.S. dollars, Yen or in such other currencies as the Bank and the relevant Dealer(s) may agree.</p> <p>Issues of Notes denominated in Austrian schillings will be effected in compliance with Austrian requirements prevailing at the time of issue via an Austrian credit institution capable of carrying out, and that does carry out, the functions of a Dealer.</p> <p>Any issue of Deutsche Mark Notes will take place in compliance with the guidelines of the German Central Bank regarding the issuance of Deutsche Mark denominated debt securities. In particular, only credit institutions domiciled in Germany (which expression shall include German branches of foreign banks) may act as Dealers with respect to such Notes (except for issues of Deutsche Mark Notes on a syndicated basis where only the lead manager need be a credit institution domiciled in Germany).</p> <p>Issues of Notes denominated in Swiss francs or carrying a Swiss franc related element with a maturity of more than one year (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of</p> |

24th March, 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2nd December, 1996. Under the said regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24th March, 1995 (the "Swiss Dealer"). The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the relevant issue date for such a transaction.

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| Maturities: | Subject to compliance with all relevant laws, regulations and directives, any maturity. Unless otherwise permitted by then current laws, regulations and directives, (i) Senior unsubordinated Deutsche Mark Notes will have a maturity of not less than two years, (ii) Subordinated Notes may be undated and (iii) Dated Subordinated Notes will have a minimum maturity of five years and one day. |
| Denomination: | Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement. |
| Fixed Interest Rate Notes: | Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement. |
| Floating Rate Notes: | Floating Rate Notes will bear interest set separately for each Series by reference to LIBOR, LIBID or LIMEAN (or such other benchmark as may be specified in the relevant Pricing Supplement) as adjusted for any applicable margin. |
| Zero Coupon Notes: | Zero Coupon Notes may be issued at their principal amount or at a discount to it and will not bear interest other than after the Maturity Date. |
| Variable Coupon Amount Notes: | The Pricing Supplement issued in respect of each issue of variable coupon amount Notes will specify the basis for calculating the amounts of interest payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers. |
| Interest Periods and Interest Rates: | The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement. |
| Variable Redemption Amount Notes: | The Pricing Supplement issued in respect of each issue of variable redemption amount Notes will specify the basis for calculating the redemption amounts payable, which may be by reference to a stock index or formula or as otherwise provided in the relevant Pricing Supplement. The issue of index-linked Deutsche Mark Notes will be in compliance with the policy of the German Central Bank regarding the indexation of Deutsche Mark denominated debt obligations of non-German issuers. |
| Redemption by Instalments: | The Pricing Supplement issued in respect of each issue of Notes that are redeemable in two or more instalments will set out the dates on which, and the amounts in which, such Notes may be redeemed. |

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| Other Notes: | Terms applicable to high interest Notes, low interest Notes, step-up Notes, step-down Notes, dual currency Notes, reverse dual currency Notes, optional dual currency Notes, partly-paid Notes and any other type of Note that the Bank, the Trustee and any Dealer or Dealers may agree that the Bank may issue under the Programme will be set out in the relevant Pricing Supplement. |
| Optional Redemption: | The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Bank (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption. |
| Status of Notes: | Senior Notes will constitute unsecured and unsubordinated obligations of the Bank and Subordinated Notes will constitute unsecured and subordinated obligations of the Bank, all as described in “Terms and Conditions of the Notes — Status”. |
| Early Redemption: | Except as provided in “Optional Redemption” above, Notes will be redeemable at the option of the Bank prior to maturity only for tax reasons. See “Terms and Conditions of the Notes — Redemption, Purchase and Options”. |
| Withholding Tax: | All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of the United Kingdom subject to certain exceptions, all as described in “Terms and Conditions of the Notes — Taxation”. |
| Governing Law: | English. |
| Listing: | The London Stock Exchange or as otherwise specified in the relevant Pricing Supplement. As specified in the relevant Pricing Supplement, a Series of Notes may be unlisted. |
| Selling Restrictions: | <p>United States, United Kingdom, Germany, Japan and other restrictions as may be required in connection with a particular issue of Notes. See “Subscription and Sale”.</p> <p>The Bank is Category 2 for the purposes of Regulation S under the Securities Act.</p> <p>The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the “D Rules”) unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (the “C Rules”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“TEFRA”), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.</p> |

TERMS AND CONDITIONS OF THE NOTES

Neither the Trust Deed constituting the Notes nor the Terms and Conditions of the Notes will contain any negative pledge covenant by the Bank or any events of default other than those set out in Condition 9 below (which do not include, *inter alia*, a cross default provision).

The following is the text of the Terms and Conditions that, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, shall be applicable to the Registered Notes and the Bearer Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on the Bearer Notes or on the Certificates relating to Registered Notes. All capitalised terms that are not defined in the Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

The Notes are constituted by a Trust Deed (as modified and/or supplemented and/or restated as at the date of issue of the Notes (the "Issue Date"), the "Trust Deed") dated 4th October, 1996 between Lloyds Bank Plc (the "Bank") and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Receipts, Coupons and Talons referred to below. An Agency Agreement (as amended and/or supplemented and/or restated as at the Issue Date, the "Agency Agreement") dated 4th October, 1996 has been entered into in relation to the Notes between the Bank, the Trustee, Morgan Guaranty Trust Company of New York, London office, as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "Issuing and Paying Agent", the "Paying Agents" (which expression shall, where the context so permits, include the Issuing and Paying Agent), the "Registrar", the "Transfer Agents" (which expression shall, where the context so permits, include the Registrar) and the "Calculation Agent(s)". Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the registered office of the Trustee (presently at Princes House, 95 Gresham Street, London EC2V 7LY) and at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders, the holders of the interest coupons (the "Coupons") appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the receipts for the payment of instalments of principal (the "Receipts") relating to Notes in bearer form of which the principal is payable in instalments are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

The Notes are issued in bearer form ("Bearer Notes", which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form ("Registered Notes") or in bearer form exchangeable for Registered Notes ("Exchangeable Bearer Notes") in each case in the Denomination(s) shown hereon.

All Registered Notes shall have the same Denomination. Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Denomination as the lowest denomination of Exchangeable Bearer Notes.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Registered Notes are represented by registered certificates ("Certificates") and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Bank shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "Register"). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Bearer Note and the Receipts relating to it or the person in whose name a Registered Note is registered (as the case may be), "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Bearer Note, Receipt, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes:

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination may not be exchanged for Bearer Notes of another Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes

(b) Transfer of Registered Notes:

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed and such other evidence as the Registrar or Transfer Agent may reasonably require to prove the title of the transferor. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes:

In the case of an exercise of the Bank's or a Noteholder's option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates:

Each new Certificate to be issued pursuant to Condition 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice

or surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "business day" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar.

(e) *Exchange Free of Charge:*

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may reasonably require).

(f) *Closed Periods:*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Bank at its option pursuant to Condition 5(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Status

(a) *No set-off:*

Subject to applicable law and unless the Dated or Undated Subordinated Notes provide otherwise, no Dated or Undated Subordinated Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by the Bank arising under or in connection with the Dated or Undated Subordinated Notes and each Dated and Undated Subordinated Noteholder shall, by virtue of being the holder of any Dated or Undated Subordinated Note, be deemed to have waived all such rights of set-off.

(b) *Status of Senior Notes:*

Subject to such exceptions as may be provided by mandatory provisions of applicable law, the Senior Notes (being those Notes that specify their Status as Senior) and the Receipts and Coupons relating to them constitute unsecured and unsubordinated obligations of the Bank and rank *pari passu* without any preference among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Bank.

(c) *Status of Dated Subordinated Notes:*

The Dated Subordinated Notes (being those Notes that specify their Status as Dated Subordinated) and the Receipts and Coupons relating to them constitute unsecured obligations of the Bank and rank *pari passu* without any preference among themselves. The claims of the Trustee, the Noteholders, the holders of Receipts and the Couponholders against the Bank in respect of the Dated Subordinated Notes and the Receipts and Coupons relating to them will, in the event of the winding-up of the Bank, be subordinated, in the manner provided in the Trust Deed, to the claims of depositors and all other creditors of the Bank other than Subordinated Creditors (as defined below).

For the purposes of these Conditions, "Subordinated Creditors" means (a) persons whose claims are subordinated in the event of the winding-up of the Bank in any manner (other than by statute) to the claims

of any unsecured creditor of the Bank and (b) persons whose claims in the event of the winding-up of the Bank should have been, but shall not have been, subordinated to the claims of unsecured creditors of the Bank in the manner required by any agreement, deed or instrument entered into by the Bank (whether before, on or after the date of the Trust Deed) whereunder the claims of any creditor or class of creditors of the Bank are required to be subordinated to the claims of any unsecured creditor of the Bank.

(d) Status of Undated Subordinated Notes:

The Undated Subordinated Notes (being those Notes that specify their Status as Undated Subordinated) and the Coupons relating to them constitute unsecured obligations of the Bank, conditional as described below, and rank *pari passu* without any preference among themselves.

The rights of the holders of the Undated Subordinated Notes and the Coupons relating to them are subordinated to the claims of Senior Creditors (as defined below) and accordingly payments of principal and interest are conditional upon the Bank being solvent at the time of payment by the Bank and no principal or interest shall be payable in respect of the Undated Subordinated Notes except to the extent that the Bank could make such payment and still be solvent immediately thereafter. For the purpose of this Condition 3(d), the Bank shall be solvent if (i) it is able to pay its debts as they fall due and (ii) its Assets exceed its Liabilities (other than its Liabilities to persons who are not Senior Creditors). A report as to the solvency of the Bank by two Directors of the Bank or, in certain circumstances as provided in the Trust Deed, the auditors of the Bank or, if the Bank is in winding-up, its liquidator, shall in the absence of proven error be treated and accepted by the Bank, the Trustee, the Noteholders and the Couponholders as correct and sufficient evidence thereof.

If at any time an order is made or an effective resolution is passed for the winding-up in England of the Bank, there shall be payable on each Undated Subordinated Note (in lieu of any other payment), but subject as provided in this Condition 3(d), such amount, if any, as would have been payable to the holder thereof if, on the day prior to the commencement of the winding-up and thereafter, such holder of such Undated Subordinated Note were the holder of a preference share in the capital of the Bank (ranking *pari passu* with the Cumulative Floating Rate Preference Share of £1 in the capital of the Bank) having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Bank on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Undated Subordinated Note together with Arrears of Interest (as defined in Condition 4(b)), if any, and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of repayment (as provided in the Trust Deed) in respect thereof.

For the purposes of these Conditions, "Senior Creditors" means creditors of the Bank (i) who are depositors or other unsubordinated creditors of the Bank or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Bank or otherwise) to the claims of depositors and other unsubordinated creditors of the Bank but not further or otherwise or (iii) who are subordinated creditors of the Bank other than those whose claims are, or are expressed to rank, *pari passu* with, or junior to, the claims of the holders of the Undated Subordinated Notes; "Assets" means the unconsolidated gross assets of the Bank; and "Liabilities" means the unconsolidated gross liabilities of the Bank, all as shown by the latest published audited balance sheet of the Bank, but adjusted for contingent assets and contingent liabilities and for subsequent events, all in such manner as such Directors, the auditors or the liquidator (as the case may be) may determine.

N.B. The obligations of the Bank in respect of the Undated Subordinated Notes and the related Coupons are conditional upon the Bank being solvent for the purpose of this Condition 3(d) immediately before and after payment by the Bank. If this Condition 3(d) is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes may be used to absorb losses.

4 Interest and other Calculations

(a) Interest Rate and Accrual:

Each Note bears interest on its outstanding principal amount from (and including) the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Interest Rate, such

interest being payable in arrear on each Interest Payment Date, provided, however, that interest on Undated Subordinated Notes shall (subject to Condition 3(d)) be payable only at the option of the Bank unless such date is a Compulsory Interest Payment Date (as defined below).

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or is not made by reason of Condition 3(d), in which event interest shall continue to accrue as provided in the Trust Deed.

(b) Interest on Undated Subordinated Notes:

Interest on the Undated Subordinated Notes shall accrue from day to day and shall (subject to Condition 3(d)) be payable on each Compulsory Interest Payment Date in respect of the interest accrued in the Interest Period ending on the day immediately preceding such date. On any Optional Interest Payment Date there may be paid (if the Bank so elects and gives not less than 30 days' notice of such election to the holders of the Undated Subordinated Notes in accordance with Condition 14) the interest accrued in the Interest Period ending on the day immediately preceding such date, but the Bank shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Bank for any purpose. Any interest not paid on an Interest Payment Date together with any other interest not paid on any other Interest Payment Date shall, so long as the same remains unpaid, constitute "Arrears of Interest". Arrears of Interest may, at the option of the Bank, be paid in whole or in part at any time upon the expiration of not less than seven days' notice to such effect given to the holders of the Undated Subordinated Notes in accordance with Condition 14, but all Arrears of Interest on all Undated Subordinated Notes outstanding shall (subject to Condition 3(d)) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Bank, (ii) the date set for any redemption pursuant to Condition 5(c) or 5(d) or (iii) the commencement of winding-up of the Bank. Notwithstanding the foregoing, if notice is given by the Bank of its intention to pay the whole or part of Arrears of Interest, the Bank shall be obliged (subject to Condition 3(d)) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

(c) Business Day Convention:

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Business Day and (B) each subsequent such date shall be the last Business Day of the month in which such date would have fallen, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(d) Interest Rate on Floating Rate Notes:

If the Interest Rate is specified as being Floating Rate, the Interest Rate for each Interest Accrual Period shall be determined by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of each Interest Accrual Period in accordance with the following:

- (i) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Interest Rate shall be:
 - (a) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity); or
 - (b) the arithmetic mean, rounded upwards to five decimal places, of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(a) above applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(b) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean, rounded upwards to five decimal places, of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
- (iii) if paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, and either the Relevant Currency is not ECU or the Relevant Currency is ECU and the third stage of European monetary union has started, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is ECU, in Brussels, Frankfurt, London, Luxembourg or Paris as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);
- (iv) if paragraph (ii) above applies, the Relevant Currency is ECU, the third stage of European monetary union has not started and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Calculation Agent shall, in respect of each of the then component currencies of the ECU (provided that, if the ECU is not then used as the unit of account of the European Communities (the "EC"), the component currencies of the ECU shall be those provided for in Condition 6(i)(iv)) determine an Interest Rate (each a "Component Rate") for such component in accordance with paragraphs (ii) and (iii) above as if such component was the Relevant Currency (and without any adjustment in accordance with Condition 4(f)(iv) below) and, provided that Component Rates for component currencies representing in aggregate 95 per cent. (determined as provided below) of one ECU are determined on the Interest Determination Date and subject as provided below, the Interest Rate shall be the arithmetic mean of the Component Rates, weighted in the manner provided below, as determined by the Calculation Agent; and
- (v) if paragraph (iv) above applies and the Calculation Agent is unable to determine the Interest Rate for an Interest Period in accordance with that paragraph, the Interest Rate for such Interest Accrual Period shall be the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraph (i) or (ii) above shall have applied (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(e) Interest Rate on Zero Coupon Notes:

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the due date for redemption, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(b)).

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if "Actual/365" or "Actual/Actual" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is Sterling or the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is not Sterling.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

- (ii) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (i)(a) above applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(b) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean, rounded upwards to five decimal places, of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;
- (iii) if paragraph (ii) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, and either the Relevant Currency is not ECU or the Relevant Currency is ECU and the third stage of European monetary union has started, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) that the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency that at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is ECU, in Brussels, Frankfurt, London, Luxembourg or Paris as selected by the Calculation Agent (the "Principal Financial Centre") are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (x) to leading banks carrying on business in Europe, or (if the Calculation Agent determines that fewer than two of such banks are so quoting to leading banks in Europe) (y) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period);
- (iv) if paragraph (ii) above applies, the Relevant Currency is ECU, the third stage of European monetary union has not started and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Calculation Agent shall, in respect of each of the then component currencies of the ECU (provided that, if the ECU is not then used as the unit of account of the European Communities (the "EC"), the component currencies of the ECU shall be those provided for in Condition 6(i)(iv)) determine an Interest Rate (each a "Component Rate") for such component in accordance with paragraphs (ii) and (iii) above as if such component was the Relevant Currency (and without any adjustment in accordance with Condition 4(f)(iv) below) and, provided that Component Rates for component currencies representing in aggregate 95 per cent. (determined as provided below) of one ECU are determined on the Interest Determination Date and subject as provided below, the Interest Rate shall be the arithmetic mean of the Component Rates, weighted in the manner provided below, as determined by the Calculation Agent; and
- (v) if paragraph (iv) above applies and the Calculation Agent is unable to determine the Interest Rate for an Interest Period in accordance with that paragraph, the Interest Rate for such Interest Accrual Period shall be the Interest Rate in effect for the last preceding Interest Accrual Period to which paragraph (i) or (ii) above shall have applied (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

(e) Interest Rate on Zero Coupon Notes:

Where a Note the Interest Rate of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Redemption Amount of such Note. As from the due date for redemption, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(b)).

(f) Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers, Rounding and ECU Weighting:

- (i) If any Margin or Rate Multiplier is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 4(d) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Interest Rate, Instalment Amount or Redemption Amount is specified hereon, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means, with respect to any currency other than ECU, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to ECU, means 0.01 ECU.
- (iv) For the purposes of this Condition 4, the weighting to be given to a component currency of, or the percentage that it bears to, one ECU shall be determined by the Calculation Agent by reference to the proportion that the amount of such component currency included in one ECU bears to one ECU and calculated on the basis of the U.S. dollar equivalent of each of the component currencies as at or about the Relevant Time on the Interest Determination Date in question. Such U.S. dollar equivalent shall be determined by the Calculation Agent in the manner provided under Condition 6(i), except that for the purposes of this Condition 4, (i) any reference therein to a Day of Valuation shall be deemed to refer to the Interest Determination Date in question, (ii) all decisions or choices to be made by the Trustee thereunder shall be made by the Calculation Agent, and (iii) if the ECU is being used as the unit of account of the EC on such Interest Determination Date, the components of the ECU shall be the currency amounts that are components of the ECU on such date.

(g) Calculations:

The amount of interest payable in respect of any Note for any period shall be calculated by multiplying the product of the Interest Rate and the outstanding principal amount of such Note by the Day Count Fraction, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period shall be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

(h) Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it shall determine the Interest Rate and calculate the amount of interest payable (the "Interest Amounts") in respect of each Denomination of the Notes for the relevant Interest Accrual Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified

to the Trustee, the Bank, each of the Paying Agents, the Registrar, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so require, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 4(c), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and repayable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless the Trustee otherwise requires. All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be final and binding on the Bank, the Trustee, the Calculation Agent, each of the Paying Agents, the Registrar, the Noteholders, the holders of the Receipts and the Couponholders and any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and (in the absence as aforesaid) no liability to the Bank, the Noteholders, the holders of the Receipts or the Couponholders shall attach to the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to such provisions.

(i) Determination or Calculation by Trustee:

If the Calculation Agent does not at any time for any reason determine or calculate the Interest Rate for an Interest Period or any Interest Amount, Instalment Amount or Redemption Amount, the Trustee shall do so (or shall appoint an agent on its behalf to do so) and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(j) Definitions:

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"Business Day" means:

- (i) in the case of a specified currency other than ECU, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for that currency; and/or
- (ii) in the case of ECU, any day other than a Saturday, a Sunday or a day designated as a non-settlement day for ECU on the Reuters Screen ISDE page on the Reuter Monitor Money Rates Service or a day so designated by the ECU Banking Association if ECU non-settlement days do not appear on that page or, if no days are so designated, a day on which ECU interbank payments cannot be settled; and/or
- (iii) in the case of a specified currency and/or one or more specified financial centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in the specified currency or, if none is specified, generally in each of the financial centres so specified.

"Compulsory Interest Payment Date" means, in respect of any Undated Subordinated Note, any Interest Payment Date if, in the immediately preceding six calendar months, any dividend has been declared or paid on any class of share capital of the Bank.

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the "Calculation Period"):

- (i) if "Actual/365" or "Actual/Actual" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if "Actual/365 (Fixed)" is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if "Actual/360" is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if "30/360", "360/360" or "Bond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (a) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (b) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if "30E/360" or "Eurobond Basis" is specified hereon, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of a Calculation Period ending on the Maturity Date, the Maturity Date is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month).

"Effective Date" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such hereon or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

"Interest Accrual Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

"Interest Commencement Date" means the Issue Date or such other date as may be specified hereon.

"Interest Determination Date" means, with respect to an Interest Rate and Interest Accrual Period, the date specified as such hereon or, if none is so specified, the first day of such Interest Accrual Period if the Relevant Currency is Sterling or the day falling two Business Days in London for the Relevant Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is not Sterling.

"Interest Period" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

"Interest Period Date" means each Interest Payment Date unless otherwise specified hereon.

"Interest Rate" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

"Optional Interest Payment Date" means, in respect of any Undated Subordinated Note, any Interest Payment Date other than a Compulsory Interest Payment Date.

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuter Monitor Money Rates Service ("Reuters") and the Dow Jones Telerate Service ("Telerate")) as may be specified for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Reference Banks" means the institutions specified as such hereon or, if none, four (or, if the Relevant Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the Benchmark.

"Relevant Currency" means the currency specified hereon or, if none is specified, the currency in which the Notes are denominated.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such hereon or, if none is so specified, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified hereon or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre.

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified as such hereon or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the duration specified hereon or, if none is specified, a period of time equal to the relative Interest Accrual Period, disregarding any adjustment pursuant to Condition 4(c).

(k) Calculation Agent and Reference Banks:

The Bank shall procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Bank shall (with the prior approval of the Trustee) appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for an Interest Period or to calculate any Interest Amount, Instalment Amount or the Redemption Amount or to comply with any other requirement, the Bank shall (with the prior approval of the Trustee) appoint a leading bank or investment banking firm engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office

or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5 Redemption, Purchase and Options

(a) Redemption by Instalments and Final Redemption:

- (i) Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified hereon) is extended pursuant to any Bank's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified hereon. The outstanding principal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the principal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.
- (ii) Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to any Bank's or Noteholder's option in accordance with Condition 5(d) or 5(e), each Note shall be finally redeemed on the Maturity Date specified hereon at its Redemption Amount (which, unless otherwise provided hereon, is its principal amount) or, in the case of a Note falling within paragraph (i) above, its final Instalment Amount.
- (iii) Undated Subordinated Notes have no final maturity date and are only redeemable in accordance with the following provisions of this Condition 5 or Condition 9.

(b) Early Redemption of Zero Coupon Notes:

- (i) The Redemption Amount payable in respect of any Note that does not bear interest prior to the Maturity Date, the Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(c) or upon it becoming due and repayable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.
- (iii) If the Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(c) or upon it becoming due and repayable as provided in Condition 9 is not paid when due, the Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and repayable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 4(e).

(c) Redemption for Taxation Reasons:

- (i) If at any time the Bank satisfies the Trustee immediately prior to the giving of the notice referred to below that (x) if a payment of principal or interest in respect of the Notes were to be due

(whether or not the same is in fact then due) on or before the next Interest Payment Date, the Bank would, for reasons outside its control, be unable (after using such endeavours as the Trustee shall consider reasonable) to make such payment of principal or interest without having to pay additional amounts as provided or referred to in Condition 7 or (y) in the case of Undated Subordinated Notes only, on the next Interest Payment Date the payment of interest in respect of such Notes would be treated, for reasons outside the control of the Bank, as a "distribution" within the meaning of the Taxes Acts for the time being of the United Kingdom, the Bank may at its option (subject, in the case of Undated Subordinated Notes, to Condition 3(d)), having given not less than 30 nor more than 60 days' notice in accordance with Condition 14, redeem on such Interest Payment Date or, if so specified hereon, at any time all, but not some only, of the Notes then outstanding at the Redemption Amount (together with interest accrued to the date fixed for redemption) and, in the case of Undated Subordinated Notes, shall also pay Arrears of Interest (if any) and any accrued interest (other than Arrears of Interest) up to, but excluding, the date of redemption.

- (ii) Subject only to the obligation of the Bank to use such endeavours as aforesaid, it shall be sufficient to establish the existence of the circumstances required to be established pursuant to this paragraph (c) if the Bank shall deliver to the Trustee a certificate of an independent lawyer or accountant satisfactory to the Trustee, in a form satisfactory to the Trustee, to the effect either that such circumstances exist or that, upon a change in the taxation laws (or regulations made thereunder) of the United Kingdom or any authority thereof or therein having power to tax or in the application or interpretation of such laws or regulations, which at the date of such certificate is proposed and which in the opinion of such lawyer or accountant can reasonably be expected to become effective on or prior to such Interest Payment Date or time as is referred to in (i) above, becoming so effective, such circumstances would exist.

(d) Redemption at the Option of the Bank and Exercise of Bank's Options:

If so provided hereon, the Bank may, on giving irrevocable notice to the Noteholders falling within the Bank's Option Period, redeem, or exercise any Bank's option in relation to, all or, if so provided, some only of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption or, in the case of Undated Subordinated Notes, together with all Arrears of Interest (if any) as provided in Condition 4(b).

All Notes in respect of which any such notice is given shall be redeemed, or the Bank's option shall be exercised, on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption or a partial exercise of a Bank's option, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements. If the Notes are listed on a stock exchange and the rules of such stock exchange so require, the Bank shall, once in each year in which there has been a partial redemption of the Notes, cause to be published in a leading newspaper of general circulation as specified by such stock exchange, a notice specifying the aggregate principal amount of Notes outstanding and a list of the Notes drawn for redemption but not surrendered.

(e) Redemption at the Option of Noteholders and Exercise of Noteholders' Options:

If so provided hereon, the Bank shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option that may be set out hereon the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or

any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Bank.

(f) Purchases:

The Bank or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price. Any purchase by tender shall be made available to all Noteholders alike.

(g) Cancellation:

All Notes purchased by or on behalf of the Bank or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Bank, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Bank in respect of any such Notes shall be discharged.

6 Payments and Talons

(a) Bearer Notes:

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre for that currency; Provided that (i) in the case of ECU, the transfer may be to or the cheque drawn on an ECU account with a bank in London, Luxembourg, Frankfurt, Paris or Brussels (ii) in the case of Japanese yen, the transfer shall be to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan) and (iii) from the start of the third stage of European monetary union, all payments in respect of the Notes which are expressed to be payable in ECU will be payable in Euro at the rate then established in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union. Condition 6(i) will not result in payment in a component currency in such circumstances.

(b) Registered Notes:

- (i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note shall be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to

the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) Payments in the United States:

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Bank shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Bank, any adverse tax consequence to the Bank.

(d) Payments subject to Fiscal Laws:

All payments are subject in all cases to any applicable fiscal or other laws, regulations, directives and orders of any court of competent jurisdiction, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments. The Bank reserves the right to require a Noteholder or Couponholder to provide a Paying Agent, the Registrar or a Transfer Agent with such certification or information as may be required to enable the Bank to comply with the requirements of the United States federal income tax laws.

(e) Appointment of Agents:

The Issuing and Paying Agent, the other Paying Agents, the Registrar and the Transfer Agents initially appointed by the Bank and their respective specified offices are listed below. Subject as provided in the Trust Deed and the Agency Agreement, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Bank reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes which may be the Registrar, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) a Paying Agent having a specified office in Europe, which, so long as the Notes are listed on the London Stock Exchange, shall be in London and (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed, in each case as approved by the Trustee. Furthermore, in certain limited circumstances (as described in and subject to the provisions of the Trust Deed), the Bank shall be obliged to use reasonable endeavours to maintain a Paying Agent having a specified office in a city located in mainland Europe.

In addition, the Bank shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders by the Bank in accordance with Condition 14.

(f) Unmatured Coupons and Receipts and unexchanged Talons:

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of the Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Redemption Amount due for

payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8). In relation to any Undated Subordinated Note, if any payment is to be made in respect of interest, the Interest Payment Date for which falls on or after the date on which the winding-up of the Bank is deemed to have commenced, such payment shall be made only against presentation of the relevant Note and the Coupon for any such Interest Payment Date shall be void. In addition, any Undated Subordinated Note presented for payment after an order is made or an effective resolution is passed for the winding-up in England of the Bank must be presented together with all Coupons in respect of Arrears of Interest relating to Interest Payment Dates falling prior to such commencement of the winding-up of the Bank, failing which there shall be withheld from any payment otherwise due to the holder of such Undated Subordinated Note such proportion thereof as the Arrears of Interest due in respect of any such missing Coupon bears to the total of the principal amount of the relevant Undated Subordinated Note, all Arrears of Interest in respect thereof and interest (other than Arrears of Interest) accrued on such Undated Subordinated Note in respect of the Interest Period current at the date of the commencement of the winding-up.

- (ii) If the Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Bearer Note that is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Bank may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons:

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 8).

(h) Non-Business Days:

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or

a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Business Day Jurisdictions" hereon and:

- (i) (in the case of a payment in a currency other than ECU) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in ECU) on which banks are open for business and carrying out transactions in ECU in the jurisdiction in which the ECU account specified by the payee is located.

(i) ECU Notes:

(i) Definition of the ECU:

The ECU for the purpose of any Notes denominated or payable in ECU ("ECU") is the same as the ECU that is from time to time used as the unit of account of the EC. Changes to the ECU may be made by the EC, in which event the ECU shall change accordingly.

(ii) Choice of component currencies for future payments:

With respect to each due date for the payment of principal, interest or other amounts in respect of Notes denominated or payable in ECU on which the ECU is neither used as the unit of account of the EC nor used as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, choose a component currency of the ECU (the "chosen currency") in which all payments due on that due date with respect to such Notes shall be made. Notice of the chosen currency selected by the Trustee shall, where practicable, be given to Noteholders. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this Condition 6(i), as of the fourth Business Day in Luxembourg prior to the date on which such payment is due.

(iii) Choice of component currency for payments already due:

On the first Business Day in Luxembourg on which the ECU is neither used as the unit of account of the EC nor used as the currency of the European Union, the Trustee shall, without liability on its part and without having regard to the interests of individual Noteholders, choose a component currency of the ECU (the "chosen currency") in which all payments of principal, interest or other amounts in respect of Notes denominated or payable in ECU having a due date prior thereto but not yet presented for payment are to be made. The amount of each payment in the chosen currency shall be computed on the basis of the equivalent of the ECU in that currency, determined as set out in this Condition 6(i), as of such first Business Day.

(iv) Determination of equivalent in component currency:

The equivalent of the ECU in the relevant chosen currency as of any date (the "Day of Valuation") shall be determined on the following basis by a leading bank (the "Computation Agent") having its head office in Europe appointed by the Bank and approved by the Trustee and notice of whose appointment is given to Noteholders. The component currencies of the ECU for this purpose (the "Components") shall be the currency amounts that were components of the ECU when the ECU was most recently used as the unit of account of the EC. The equivalent of the ECU in the chosen currency shall be calculated by, first, aggregating the U.S. dollar equivalents of the Components, and then, using the rate used for determining the U.S. dollar equivalent of the Component in the chosen currency as set out below, calculating the equivalent in the chosen currency of such aggregate amount in U.S. dollars.

(v) U.S. dollar equivalent of component currencies:

The U.S. dollar equivalent of each of the Components shall be determined by the Computation Agent on the basis of the middle spot delivery quotations prevailing at 2.30 p.m. (Luxembourg time) on the

Day of Valuation, as obtained by the Computation Agent from one or more leading banks, as selected by the Computation Agent, in the country of issue of the component currency in question.

(vi) *No direct quotation for component currency:*

If no direct quotations are available for a component currency as of a Day of Valuation from any of the banks selected by the Computation Agent for this purpose because foreign exchange markets are closed in the country of issue of that currency or for any other reason, the most recent direct quotations for that currency obtained by the Computation Agent shall be used in computing the equivalents of the ECU on such Day of Valuation, provided, however, that such most recent quotations may be used only if they were prevailing in the country of issue not more than two Business Days for such currency before such Day of Valuation. Beyond such period of two Business Days, the Computation Agent shall determine the U.S. dollar equivalent of such Component on the basis of cross rates derived from the middle spot delivery quotations for such component currency and for the U.S. dollar prevailing at 2.30 p.m. (Luxembourg time) on such Day of Valuation, as obtained by the Computation Agent from one or more leading banks, as selected by the Computation Agent in a country other than the country of issue of such component currency. Within such period of two Business Days, the Computation Agent shall determine the U.S. dollar equivalent of such Component on the basis of such cross rates if the Computation Agent judges that the equivalent so calculated is more representative than the U.S. dollar equivalent calculated on the basis of such most recent direct quotations. Unless otherwise specified by the Computation Agent, if there is more than one market for dealing in any component currency by reason of foreign exchange regulations or for any other reason, the market to be referred to in respect of such currency shall be that upon which a non-resident issuer of securities denominated in such currency would purchase such currency in order to make payments in respect of such securities.

(vii) *Determinations and selections made by the Computation Agent and the Trustee:*

All determinations made by the Computation Agent and selections made by the Trustee shall be at their sole discretion and shall, in the absence of manifest error, be conclusive for all purposes and binding on the Bank and all Noteholders and Couponholders.

7 Taxation

All payments of principal and/or interest in respect of the Notes, the Receipts and the Coupons shall be made without withholding or deduction for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Bank shall pay such additional amounts as will result (after such withholding or deduction) in receipt by the Noteholders, the Receiptholders and the Couponholders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their Notes and/or Receipts and/or Coupons, as the case may be; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of any holder who is liable to such tax, duty or charge in respect of such Note, Receipt or Coupon by reason of such holder having some connection with the United Kingdom other than the mere holding of such Note, Receipt or Coupon; or
- (b) to, or to a third party on behalf of, a holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in the United Kingdom, unless such holder proves that he is not entitled so to comply or to make such declaration or claim; or
- (c) to, or to a third party on behalf of, a holder that is a partnership, or a holder that is not the sole beneficial owner of the Note, Receipt or Coupon, or which holds the Note, Receipt or Coupon in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial

owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

- (d) presented for payment in the United Kingdom; or
- (e) in registered form; or
- (f) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment at the expiry of such period of 30 days.

The "Relevant Date" in respect of any payment means the date on which such payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent or the Trustee on or prior to such date) the date on which notice is given to the Noteholders that such moneys have been so received.

References in these Conditions to (i) "principal" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it, (ii) "interest" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any amendment or supplement to it and (iii) "principal" and/or "interest" (other than such interest as is referred to in Condition 9(g)) shall be deemed to include any additional amounts that may be payable under this Condition 7 or under any obligations undertaken in addition thereto or in substitution therefor under the Trust Deed.

8 Prescription

Claims for payment of principal (excluding principal comprised in a withheld amount) will become void 12 years, and claims for payment of interest (other than interest comprised in, or accrued on, a withheld amount) will become void six years, after the Relevant Date (as defined in Condition 7) relating thereto. Claims in respect of principal comprised in a withheld amount and claims in respect of interest comprised in, or accrued on, a withheld amount will, in the case of such principal, become void 12 years and will, in the case of such interest, become void six years after the due date for payment thereof as specified in Condition 9(f) or, if the full amount of the moneys payable has not been duly received by the Issuing and Paying Agent, another Paying Agent, the Registrar, a Transfer Agent or the Trustee, as the case may be, on or prior to such date, the date of which notice is given in accordance with Condition 14 that the relevant part of such moneys has been so received.

The prescription period in respect of Talons shall be:

- (a) as to any Talon the original due date for exchange of which falls within the 12 years immediately prior to the due date for redemption (pursuant to Condition 5(a), 5(c), 5(d) or 5(e)) of the Note to which it pertains, six years from the Relevant Date for the redemption of such Note, but so that the Coupon sheet for which it is exchangeable shall be issued without any Coupon itself prescribed in accordance with this Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note and without a Talon; and
- (b) as to any other Talon, 12 years from the Relevant Date for payment of the last Coupon of the Coupon sheet of which it formed part.

9 Events of Default and Enforcement

- (a) If the Bank shall not make payment (1) other than in the case of Undated Subordinated Notes, of any principal or any interest in respect of the Notes for a period of 14 days or more after the due date for the same, or (2) in the case of Undated Subordinated Notes only, in respect of such Notes (in the case of any payment of principal) for a period of 14 days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a Compulsory Interest Payment Date or any other date upon which the payment of interest is compulsory, the Trustee may:

- (i) in respect of Senior Notes at any time at its discretion and without notice institute such proceedings and/or take such other action as it may think fit against or in relation to the Bank to enforce its obligations under the Senior Notes or
- (ii) in respect of Dated Subordinated Notes and Undated Subordinated Notes institute proceedings in England (but not elsewhere) for the winding-up of the Bank,

provided that it shall not have the right to institute such proceedings and/or, as the case may be, to take such other action if the Bank withholds or refuses any such payment (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment, the Bank, the relevant Paying Agent, Transfer Agent or Registrar or the holder of the Note, Receipt or Coupon or (ii) (subject as provided in the Trust Deed) in case of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice as to such validity or applicability given at any time during the said period of 14 days by independent legal advisers acceptable to the Trustee. For the purpose of this Condition 9, in the case of Undated Subordinated Notes only, a payment otherwise due (in the case of principal) or compulsory (in the case of interest) shall be deemed so due or compulsory notwithstanding that the condition set out in Condition 3(d) is not satisfied.

- (b) If, other than in the case of Undated Subordinated Notes, otherwise than for the purposes of reconstruction or amalgamation on terms previously approved in writing by the Trustee, an order is made or an effective resolution is passed for winding-up the Bank, the Trustee may at its discretion give notice to the Bank that the Notes are, and they shall accordingly immediately become, due and repayable at their Redemption Amount, together with accrued interest (calculated as provided in the Trust Deed).
- (c) The Trustee shall not be bound to institute proceedings and/or take the action referred to in paragraph (a) or (b) above or (d) below to enforce the obligations of the Bank in respect of the Notes, Receipts and Coupons unless (i) it shall have been so requested by Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding (as defined in the Trust Deed) and (ii) it shall have been indemnified to its satisfaction.
- (d) No Noteholder, Receiptholder or Couponholder shall be entitled to institute such proceedings and/or take such other action as is referred to in paragraph (a)(i) above or institute proceedings for the winding-up in England (but not elsewhere) of the Bank as is referred to in paragraph (a)(ii) above, or to prove in such winding-up, except that if the Trustee, having become bound to proceed against the Bank as aforesaid, fails to do so, or, being able to prove in such winding-up, fails to do so, in either case within a reasonable period and such failure is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute such proceedings and/or take such other action or institute proceedings for the winding-up in England (but not elsewhere) of the Bank and/or prove in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do. In the case of Dated and Undated Subordinated Notes, no remedy against the Bank, other than the institution of proceedings for the winding-up of the Bank in England or, as the case may be, proving in the winding-up of the Bank in the manner and by the persons aforesaid, shall be available to the Trustee or the Noteholders, Receiptholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Bank of any of its obligations under the Notes or the Trust Deed (other than for recovery of the Trustee's remuneration or expenses). The Bank has undertaken in the Trust Deed to pay English stamp and other duties (if any) on or in connection with the execution of the Trust Deed and English, Belgian and Luxembourg stamp and other duties or taxes (if any) on the constitution and issue of the Notes in temporary global, permanent global or definitive form (provided such stamp and other duties or taxes result from laws applicable on or prior to the date 40 days after the Issue Date specified hereon of such Notes and, in the case of exchange of a global Note for Notes in definitive form, such tax results from laws applicable on or prior to the date of such exchange) and stamp and other duties or taxes (if any) payable in

England (but not elsewhere) solely by virtue of and in connection with any permissible proceedings under the Trust Deed or the Notes, save that the Bank shall not be liable to pay any such stamp or other duties or taxes to the extent that the obligation arises or the amount payable is increased by reason of the holder at the relevant time unreasonably delaying in producing any relevant document for stamping or similar process. Subject as aforesaid, the Bank will not be otherwise responsible for stamp or other duties or taxes otherwise imposed and in particular (but without prejudice to the generality of the foregoing) for any penalties arising on account of late payment where due by the holder at the relevant time. Any such stamp or other duties or taxes that might be imposed upon or in respect of Notes in temporary global, permanent global or definitive form or the Receipts, Coupons or Talons (in each case other than as aforesaid) are the liability of the holders thereof.

- (e) If payment to any Noteholder of any amount due in respect of the Notes (other than interest) is improperly withheld or refused (any withholding or refusal effected in reliance upon the proviso to paragraph (a) of this Condition where the relevant law, regulation or order proves subsequently not to be valid or applicable shall be treated, for the purpose of ascertaining entitlement to accrued interest but not for any other purpose, as if it had been at all times an improper withholding or refusal), interest shall accrue until, but excluding, the date on which notice is given in accordance with Condition 14 that the full amount in the Relevant Currency payable in respect of such Notes is available for payment or the date of payment, whichever first occurs and shall be calculated by applying the Interest Rate determined in accordance with these Conditions on the first day of the then current Interest Period (and each relevant Interest Period (if any) thereafter) to such amount withheld or refused, multiplying the sum by the relevant Day Count Fraction and rounding the resultant figure to the nearest unit (as such term is defined in Condition 4(f)(iii)).
- (f) If, in reliance upon the proviso to paragraph (a) above, payment of any amount (each a "withheld amount") in respect of the whole or any part of the principal and/or any interest due in respect of the Notes, or any of them, is not paid or provided by the Bank to the Trustee or to or to the account of or with the Issuing and Paying Agent, or is withheld or refused by any of the Paying Agents, the Registrar or the Transfer Agents, in each case other than improperly within the meaning of paragraph (e) above, or which is paid or provided after the due date for payment thereof, such withheld amount shall, where not already on interest bearing deposit, if lawful, promptly be so placed, all as more particularly described in the Trust Deed. If subsequently it shall be or become lawful to make payment of such withheld amount in the Relevant Currency, notice shall be given in accordance with Condition 14, specifying the date (which shall be no later than seven days after the earliest date thereafter upon which such interest bearing deposit falls or may (without penalty) be called due for repayment) on and after which payment in full of such withheld amount (or that part thereof which it is lawful to pay) will be made. In such event (but subject in all cases to any applicable fiscal or other law or regulation or the order of any court of competent jurisdiction), the withheld amount or the relevant part thereof, together with interest accrued thereon from, and including, the date the same was placed on deposit to, but excluding, the date upon which such interest bearing deposit was repaid, shall be paid to (or released by) the Issuing and Paying Agent for payment to the relevant holders of Notes and/or Receipts and/or Coupons, as the case may be (or, if the Issuing and Paying Agent advises the Bank of its inability to effect such payment, shall be paid to (or released by) such other Paying Agent, Registrar or Transfer Agent (as the case may be) as there then may be or, if none, to the Trustee, in any such case for payment as aforesaid). For the purposes of paragraph (a) above, the date specified in the said notice shall become the due date for payment in respect of such withheld amount or the relevant part thereof. The obligations under this paragraph (f) shall be in lieu of any other remedy otherwise available under these Conditions, the Trust Deed or otherwise in respect of such withheld amount or the relevant part thereof.
- (g) Any interest payable as provided in paragraph (f) above shall be paid net of any taxes applicable thereto and Condition 7 shall not apply in respect of the payment of any such interest.

10 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Bank and/or any subsidiary and/or any holding company of the Bank and/or any other subsidiary of any such holding company without accounting for any profit resulting therefrom.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders:

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any of the provisions of the Notes, the Receipts, the Coupons or the Trust Deed, except that certain provisions of the Trust Deed may only be modified subject to approval by Extraordinary Resolution passed at a meeting of Noteholders to which special quorum provisions shall have applied. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

(b) Modification of the Trust Deed:

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed that is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable in accordance with Condition 14.

(c) Substitution—Senior Notes:

The Trustee shall agree, if requested by the Bank and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes, the Receipts and the Coupons being unconditionally and irrevocably guaranteed by the Bank on an unsubordinated basis, of a subsidiary of the Bank or a holding company of the Bank or another subsidiary of any such holding company in place of the Bank as principal debtor under the Trust Deed, the Notes, the Receipts and the Coupons and as a party to the Agency Agreement.

(d) Substitution—Subordinated Notes:

The Trustee shall agree, if requested by the Bank and subject to such amendment of the Trust Deed and such other conditions as the Trustee may reasonably require, but without the consent of the Noteholders or the Couponholders, to the substitution, subject to the Notes, the Receipts and the Coupons being irrevocably guaranteed by the Bank on a subordinated basis equivalent to that mentioned in Condition 3(c) or 3(d), as the case may be, of a subsidiary of the Bank or a holding company of the Bank or another subsidiary of any such holding company in place of the Bank as principal debtor under the Trust Deed, the Notes, the Receipts and the Coupons and as a party to the Agency Agreement and so that the claims of the Noteholders, the holders of the Receipts and the Couponholders may, in the case of the substitution of a holding company of the Bank or a banking company (as defined in the Trust Deed) in the place of the Bank, also be subordinated to the rights of (x) in the case of Dated Subordinated Notes, depositors and other unsubordinated creditors of that holding company or banking company but not further or otherwise or (y) in the case of Undated Subordinated Notes, Senior Creditors (as defined in Condition 3(c), but with the substitution of references to "that holding company" or to "that subsidiary" in place of references to "the Bank" together with such consequential amendments as are appropriate).

(e) Change of governing law:

In the case of a substitution pursuant to Condition 11(c) or Condition 11(d) the Trustee may in its absolute discretion agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Receipts, the Coupons, the Talons and/or the Trust Deed and/or the Agency Agreement provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(f) Entitlement of the Trustee:

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. No Noteholder, Receiptholder or Couponholder shall, in connection with any such modification, waiver, authorisation or substitution, be entitled to claim, and the Trustee shall not be entitled to require, from the Bank any indemnification or payment in respect of any tax or other consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent provided for by Condition 7.

12 Replacement of Notes, Certificates, Receipts, Coupons and Talons

(a) If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange regulations, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other place of which notice shall be given in accordance with Condition 14 in each case on payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Bank on demand the amount payable by the Bank in respect of such Note, Certificate, Receipt, Coupon or further Coupons) and otherwise as the Bank may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued. In addition, the Bank may require the person requesting delivery of a replacement Note, Certificate, Receipt, Coupon or Talon to pay, prior to delivery of such replacement Note, Certificate, Receipt, Coupon or Talon, any stamp or other tax or governmental charges required to be paid in connection with such replacement. No replacement Note shall be issued having attached thereto any Receipt, Coupon or Talon, claims in respect of which shall have become void pursuant to Condition 8.

(b) Where:

- (i) a Talon (the "relevant Talon") has become prescribed in accordance with Condition 8; and
- (ii) the Note to which the relevant Talon pertains has not become void through prescription; and
- (iii) no Coupon sheet (or part thereof, being (a) Coupon(s) and/or a Talon, hereinafter called a "part Coupon sheet"), which Coupon sheet would have been exchangeable for the relevant Talon or for any subsequent Talon bearing the same serial number pertaining to such Note, has been issued; and
- (iv) either no replacement Coupon sheet or part Coupon sheet has been issued in respect of any Coupon sheet or part Coupon sheet referred to in (iii) above or, in the reasonable opinion of the Bank, there is no reasonable likelihood that any such replacement has been issued,

then upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity or security as the Bank may reasonably require there may be obtained at the specified office of the Issuing and Paying Agent (or such other place of which notice shall be given in accordance with Condition 14) a Coupon sheet or Coupon sheets or part Coupon sheet(s), as the circumstances may require, issued:

- (A) in the case of a Note that has become due for redemption (x) without any Coupon itself prescribed in accordance with Condition 8 or the Relevant Date for payment of which would fall after the Relevant Date for the redemption of the relevant Note, and (y) without any Talon or Talons, as the case may be; or
- (B) in any other case, without any Coupon or Talon itself prescribed in accordance with Condition 8 and without any Talon pertaining to a Coupon sheet the Relevant Date of the final Coupon of which falls on or prior to the date when the Coupon sheet(s) or part Coupon sheet(s) is (are) delivered to or to the order of the claimant, but in no event shall any Coupon sheet be issued the original due date for exchange of which falls after the date of delivery of such Coupon sheet(s) as aforesaid.

For the avoidance of doubt, the provisions of this Condition 12(b) shall not give, or revive, any rights in respect of any Talon that has become prescribed in accordance with Condition 8.

13 Further Issues

The Bank may from time to time without the consent of the Noteholders, Receiptholders or Couponholders create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further notes shall be consolidated and form a single Series with the Notes. References in these Conditions to the Notes include (unless the context requires otherwise) any other notes issued pursuant to this Condition and forming a single Series with the Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

14 Notices

Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe, approved by the Trustee. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which such publication is made. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and shall be deemed to have been given on the weekday (being a day other than a Saturday or a Sunday) after the date of mailing provided that, if at any time by reason of the suspension or curtailment (or expected suspension or curtailment) of postal services within the United Kingdom or elsewhere the Bank is unable effectively to give notice to holders of Registered Notes through the post, notices to holders of Registered Notes will be valid if given in the same manner as other notices as set out above.

15 Governing Law

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, English law.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Upon the initial deposit of a Global Note with a common depositary for Euroclear and Cedel Bank (the "Common Depositary") or registration of Registered Notes in the name of any nominee for Euroclear and Cedel Bank and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Cedel Bank will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Cedel Bank held by other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Cedel Bank or other clearing systems.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Cedel Bank or any other clearing system as the holder of a Note represented by a Global Note or a Global Certificate (each an "Accountholder") (in which regard any certificate or other document issued by Euroclear, Cedel Bank or any other clearing system as to the principal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than in respect of the payment of principal and interest on such Notes, the right to which shall be vested, as against the Bank and the Trustee, solely in the bearer of the relevant Global Note or the registered holder of the relevant Global Certificate in accordance with and subject to its terms and the terms of the Trust Deed. Accountholders shall have no claim directly against the Bank in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Bank will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

Exchange

1. *Temporary Global Notes*

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date (as defined in paragraph 6 below):

- 1.1 if the relevant Pricing Supplement indicates that such temporary Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "Summary of the Programme – Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and
- 1.2 otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or definitive Bearer Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

2. *Permanent Global Notes*

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under "Partial Exchange of Permanent Global Notes", in part for definitive Bearer Notes or, in the case of 2.3 below, Registered Notes:

- 2.1 by the Bank giving notice to the Noteholders and the Issuing and Paying Agent of its intention to effect such exchange (unless principal in respect of any Notes has not been paid when due);

- 2.2 if the relevant Pricing Supplement provides that the permanent Global Note is exchangeable at the request of the holder, by the holder (acting on the instructions of the person(s) with beneficial interest(s) in such permanent Global Note) giving notice to the Issuing and Paying Agent of its election for such exchange;
- 2.3 if the permanent Global Note is an Exchangeable Bearer Note, by the holder (acting on the instructions of the person(s) with beneficial interest(s) in such permanent Global Note) giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such permanent Global Note for Registered Notes; and
- 2.4 otherwise, (i) upon the happening of any of the events defined in the Trust Deed as "Events of Default"; or (ii) if Euroclear or Cedel Bank or any other clearing system (an "Alternative Clearing System") is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available.

3. *Permanent Global Certificates*

If the Pricing Supplement states that the Notes are to be represented by a permanent Global Certificate on issue, transfers of the holding of Notes represented by any Global Certificate pursuant to Condition 2(b) may only be made in part:

- 3.1 upon the happening of any of the events defined in the Trust Deed as "Events of Default"; or
- 3.2 if Euroclear or Cedel Bank or an Alternative Clearing System is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearance system satisfactory to the Trustee is available; or
- 3.3 with the consent of the Bank

provided that, in the case of the first transfer of part of a holding pursuant to 3.1 or 3.2 above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

4. *Partial Exchange of Permanent Global Notes*

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions (1) for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes, or (2) for Definitive Notes (i) if principal in respect of any Notes is not paid when due or (ii) if so provided in, and in accordance with, the Conditions (which will be set out in the relevant Pricing Supplement) relating to Partly-paid Notes.

5. *Delivery of Notes*

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Bank will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate principal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Offering Circular, "Definitive Notes" means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them, if applicable, all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and, if applicable, a Talon). Definitive Notes will be security printed and Certificates will

be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

6. *Exchange Date*

"Exchange Date" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the Conditions. The following is a summary of certain of those provisions:

1. *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

2. *Prescription*

Claims against the Bank in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 12 years (in the case of principal) and six years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

3. *Cancellation*

Cancellation of any Note represented by a Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the principal amount of the relevant Global Note.

4. *Purchase*

Notes represented by a permanent Global Note may only be purchased by the Bank, or any of its subsidiaries or any holding company of the Bank or any other subsidiary of any such holding company if they are purchased together with the right to receive all future payments of interest and Instalment Amounts (if any) thereon.

5. *Bank's Option*

Any option of the Bank provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Bank giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the certificate numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Bank is exercised in respect of some but not all of the Notes of any Series, the rights of Accountholders in respect of the Notes

will be governed by the standard procedures of Euroclear, Cedel Bank or any other clearing system (as the case may be).

6. Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Notes in respect of which the option has been exercised, and stating the principal amount of Notes in respect of which the option is exercised and at the same time presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation.

7. Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its Accountholders with entitlements to such Global Note or Registered Notes and may consider such interests as if such Accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

8. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to the relative Accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

Partly-paid Notes

The provisions relating to Partly-paid Notes are not set out in this Offering Circular, but will be contained in the relevant Pricing Supplement and thereby in the Global Notes. While any instalments of the subscription moneys due from the holder of Partly-paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). If any Noteholder fails to pay any instalment due on any Partly-paid Notes within the time specified, the Bank may forfeit such Notes and shall have no further obligation to their holder in respect of them.

USE OF PROCEEDS

The net proceeds of each issue of Notes will be used for the general business purposes of the Lloyds TSB Group plc group of companies.

THE LLOYDS BANK GROUP

The Bank is the holding and principal operating company of the Lloyds Bank Group, and Lloyds TSB Group plc is the ultimate holding company of the Bank.

The Lloyds Bank Group provides a comprehensive range of banking and financial services in the UK and overseas. At the end of 1996, the total assets of the Lloyds Bank Group were £120 billion and the average number of staff employed during 1996 was 64,999. In December 1996 Lloyds TSB Group plc acquired the 38 per cent. minority shareholdings in Lloyds Abbey Life plc not previously owned by the Bank for a consideration of approximately £1.7 billion, which holding was subsequently transferred to the Bank for a share consideration. In July 1997, as part of the process of integrating the businesses in the Lloyds TSB group of companies, the Bank transferred its entire shareholding in Lloyds Abbey Life plc (since renamed Lloyds TSB Financial Services Holdings plc) to Lloyds TSB Group plc at its book value of approximately £1.7 billion, of which approximately £1.4 billion remains outstanding. At the same time, Black Horse Agencies Limited and Lloyds UDT Limited (formerly Lloyds Bowmaker Finance Limited), two subsidiaries of Lloyds Abbey Life plc not engaged in the insurance business, were transferred to the Bank for a cash consideration of £350 million, and United Dominions Trust Limited was transferred to Lloyds UDT Limited from TSB Bank plc for a cash consideration of £200 million, such sums representing the book value of the relevant investment.

As part of an internal reorganisation, a bill was presented to Parliament in November 1996 which provides for the vesting in the Bank of the undertakings of TSB Bank plc and Hill Samuel Bank Ltd. It is hoped that the bill will be enacted by the Spring of 1998.

In March 1997 it was announced that the Bank would acquire the consumer finance business and certain other assets of Banco Multiplic SA, its 50 per cent. held Brazilian associate, for a premium of U.S.\$218 million, and relinquish its investment in Banco Multiplic SA. In September 1997 the Bank entered into an agreement to sell its interest in Schröder Münchmeyer Hengst & Co for a consideration of approximately £100 million in cash, producing a profit before tax of approximately £40 million.

The main business activities of the Lloyds Bank Group are described below.

Retail Financial Services

The Lloyds Bank Group provides banking and financial services to personal and small business customers through Lloyds Bank Plc and Cheltenham & Gloucester plc ("C&G") branches in England and Wales. The main services provided are:

Retail Banking. The retail branches of the Bank offer a broad range of branded products together with a substantial network of automated teller machines (ATMs) in the UK, and C&G provides retail investments through its branch network and a postal investment centre. Small business customers have access to a wide range of financial services through business centres in the Lloyds Bank retail network and through Lloyds UDT Limited and its subsidiary undertakings.

Mortgages. C&G, as the specialist residential mortgage provider in the Lloyds Bank Group, had total mortgages outstanding at the end of 1996 of £28.4 billion.

Wholesale Markets

The Lloyds Bank Group's relationships with major UK and multinational companies, banks and institutions and medium-sized UK businesses, together with its activities in financial markets, are managed through dedicated offices in the UK and a number of locations overseas, including New York and Tokyo.

Treasury. The Lloyds Bank Group's treasury operation is a leading participant in foreign exchange, money and certain derivative markets to meet the needs of customers and as part of the Group's trading activities, including liquidity management.

Corporate and Institutional Financial Services. The Lloyds Bank Group provides a full range of banking and related services, including electronic banking, large value leasing, securities custody and share registration, correspondent banking and capital markets services to major UK and multinational companies.

Commercial Financial Services. This unit, which includes the factoring companies in the Lloyds Bank Group, serves the needs of medium-sized businesses throughout the UK.

International Banking

The Group provides banking and financial services in two main areas overseas, and also through its private and offshore banking operations.

Latin America. The Group has operated in Latin America for over 130 years and has offices in Brazil, Argentina and nine other countries.

New Zealand. The National Bank of New Zealand Ltd, a subsidiary of the Bank, is one of New Zealand's principal banks and provides a full range of banking and financial services.

International Private Banking. This provides services to wealthy individuals outside their country of residence. The business is directed from Switzerland.

Offshore Banking. This provides a full range of retail banking, private banking and financial services to residents of the Channel Islands and the Isle of Man and to UK and foreign nationals living and working overseas, together with deposit services offshore for UK residents.

Directors

The directors of the Bank, the business address of each of whom is 71 Lombard Street, London EC3P 3BS, and their respective principal outside activities, where significant to the Bank, are as follows:

Sir Brian Pitman *Chairman*

J T Davies *Deputy Chairman*

Sir Nicholas Goodison *Deputy Chairman*
Deputy Chairman of British Steel

P B Ellwood *Chief Executive*
Chairman of Visa International

A E Moore CBE *Deputy Chief Executive and Treasurer*

M K Atkinson *Director*

R C Carefull *Director*

M E Fairey *Director*

A H Longhurst *Director*

S A Maran *Director*

CAPITALISATION OF LLOYDS BANK Plc

The following table presents on a consolidated basis, as at the dates indicated, the Bank's (i) share capital and reserves and minority interests and (ii) undated and dated loan capital:

| | 31st December, 1996 |
|---|---------------------------|
| | <i>£'millions</i> |
| Share capital and reserves | |
| Authorised: 1,650,000,000 ordinary shares of £1 each and 1 cumulative floating rate preference share of £1 (Note a) | 1,650 |
| Issued and fully paid: ordinary shares (Note b) | 1,458 |
| Reserves | 2,316 |
| Total | 3,774 |
| Minority interests | 7 |
| | 31st August, 1997 |
| | <i>£'millions</i> |
| Undated loan capital (Notes c, d, g and m) | |
| The Bank | |
| Primary Capital Undated Floating Rate Notes (Series 1) (U.S.\$750 million) (Note i) | 463 |
| Primary Capital Undated Floating Rate Notes (Series 2) (U.S.\$500 million) (Note i) | 308 |
| Primary Capital Undated Floating Rate Notes (Series 3) (U.S.\$600 million) (Note i) | 370 |
| Undated Subordinated 5.57 per cent. Step-up Coupon Notes (¥20 billion) (Note k) | 103 |
| Subsidiary undertaking | |
| £100 million 11 ³ / ₄ per cent. Perpetual Subordinated Bonds | 100 |
| Total | 1,344 |
| Dated loan capital (Notes c, e, f and m) | |
| The Bank | |
| £150 million 10 ¹ / ₄ per cent. Subordinated Bonds 1998 | 150 |
| £200 million Variable Rate Subordinated Notes 1998 (Notes c and i) | 50 |
| £100 million 11 ³ / ₈ per cent. Subordinated Serial Bonds 1998 | 40 |
| £200 million 9 ⁵ / ₈ per cent. Subordinated Bonds 2023 | 200 |
| £400 million 7 ³ / ₈ per cent. Subordinated Bonds 2004 | 398 |
| £100 million 9 ¹ / ₂ per cent. Subordinated Bonds 2009 | 99 |
| £300 million Subordinated Floating Rate Notes 1999 (£228 million) (Notes i and j) | 227 |
| £100 million Subordinated Floating Rate Notes 2004 (Notes i and j) | 100 |
| £100 million 10 ⁵ / ₈ per cent. Guaranteed Subordinated Loan Stock 2008 | 119 |
| £100 million 12 per cent. Guaranteed Subordinated Bonds 2011 | 131 |
| £300 million 7 ³ / ₄ per cent. Subordinated Bonds 2007 | 297 |
| £100 million Subordinated Floating Rate Loan 2006 (Note i) | 100 |

| | 31st August, 1997 |
|---|-------------------------|
| | £'millions |
| Subsidiary undertakings | |
| U.S.\$280 million Guaranteed Floating Rate Notes 1997 (U.S.\$56 million) (Notes g, h and i) | 35 |
| U.S.\$230 million Guaranteed Floating Rate Notes 1998 (U.S.\$46 million) (Notes g, h and i) | 28 |
| N.Z.\$200 million Subordinated Fixed Rate Bonds 2003 (N.Z.\$200 million) (Note l) | 79 |
| N.Z.\$150 million Subordinated Fixed Rate Bonds 2007 (N.Z.\$150 million) (Note l) | 59 |
| £150 million Subordinated Loan 2006 (Note i) | 150 |
| Subordinated Floating Rate Notes 2003 (Note i) | 18 |
| Subordinated Floating Rate Notes 2004 (Note i) | 25 |
| Subordinated Floating Rate Notes 2005 (Note i) | 25 |
| Total | 2,330 |
| Total Capitalisation | 7,455 |

Notes:

- (a) There has been no change in the authorised share capital since 31st December, 1996.
- (b) Between 31st December, 1996 and 31st August, 1997 12,000,000 ordinary shares of £1 each were issued to Lloyds TSB Group plc for £200 million in cash. No further shares have been issued since 31st August, 1997.
- (c) Save for (i) the repayment of £10 million Variable Rate Subordinated Notes 1998 and (ii) the issuance to be completed on 29th September, 1997 of £200 million 8 per cent. Undated Subordinated Step-up Notes, there has been no material change in the Bank's consolidated undated and dated loan capital since 31st August, 1997.
- (d) The undated loan capital was issued on a subordinated basis and, in certain circumstances, would acquire the characteristics of preference share capital.
- (e) Much of the dated loan capital is subject to repayment by periodic instalments. The figures on the right hand side of the table represent in pounds sterling terms the amounts outstanding. Where repayment is due in instalments, the year shown is that in which the final instalment falls due.
- (f) Much of the dated loan capital is prepayable at the option of the Bank subject to such, if any, prior approval of the Bank of England as may be required therefor.
- (g) Loan capital denominated in U.S. dollars has been translated at the rate of £1 = U.S.\$1.6208, being the rate prevailing on 31st August, 1997.
- (h) Issued by a subsidiary undertaking under the Bank's subordinated guarantee and on-lent to the Bank on a subordinated basis.
- (i) These notes bear interest at rates fixed periodically in advance based on London interbank rates.
- (j) Exchangeable at the election of the Bank for further subordinated floating rate notes.
- (k) Loan capital denominated in Yen has been translated at the rate of £1 = ¥194.7067, being the rate prevailing on 31st August, 1997.
- (l) Loan capital denominated in N.Z. dollars has been translated at the rate of £1 = N.Z.\$2.5341, being the rate prevailing on 31st August, 1997. These Bonds bear interest (to be reset five years before the final maturity date) at a fixed margin over New Zealand government stocks.
- (m) In certain circumstances the amounts of undated loan capital and dated loan capital reflect issue expenses which are amortised over the life of the issue.

UNITED KINGDOM TAXATION

The comments below are of a general nature based on current United Kingdom law and practice. They are not exhaustive. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers. Any Noteholders who are in doubt as to their tax position should consult their professional advisers.

1 Withholding of tax on interest

1.1 Interest paid by the Bank on Notes which do not conform to any of the definitions of Tier 1, 2 or 3 capital adopted by the Bank of England may be paid without deduction for or on account of United Kingdom income tax, unless the Inland Revenue regard the characteristics of the Notes as being primarily attributable to an intention to avoid UK tax.

Irrespective of whether interest may be paid without deduction in accordance with the previous paragraph, while Notes which are in bearer form are listed on a recognised stock exchange within the meaning of section 841 Income and Corporation Taxes Act 1988 (which includes the London Stock Exchange), payments of interest on such Notes may be made without withholding or deduction for or on account of income tax where:

1.1.1 the payment of interest is made by an overseas paying agent; or

1.1.2 the payment is made by or through a person who is in the United Kingdom but:

(i) the beneficial owner of the Notes and the related Coupons is not resident in the United Kingdom; or

(ii) the Notes are held in a "recognised clearing system" (Euroclear and Cedel Bank have each been designated as a "recognised clearing system" for this purpose),

and a declaration to that effect in the form required by law has been given to the person by or through whom the payment is made (or the Inland Revenue has issued a notice to the person by whom or through whom the payment is made directing payment of the interest without withholding or deduction in respect of United Kingdom tax) provided that the Inland Revenue has not issued a direction that it considers that neither of the conditions in (i) and (ii) is satisfied.

In all other cases interest on Notes will be paid under deduction of income tax at the lower rate (currently 20 per cent.) subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

1.2 Where a United Kingdom person acts as a collecting agent in respect of Notes which are in bearer form and listed on a recognised stock exchange, i.e. either:

(a) acts as custodian of such Notes and receives interest on the Notes, or directs that interest on the Notes be paid to another person, or consents to such payment; or

(b) collects or secures payment of, or receives interest on, such Notes for a Noteholder or a Couponholder (except by means of clearing a cheque or arranging for the clearing of a cheque),

the collecting agent will be required to withhold on account of United Kingdom income tax at the lower rate (currently 20 per cent.) unless:

(i) the relevant Notes are held in a "recognised clearing system" and the collecting agent pays or accounts for the interest directly or indirectly to the clearing system and a declaration in a form required by law has been given by the depositary for the clearing system; or

(ii) the relevant Notes are held in a "recognised clearing system" for which the collecting agent is a depositary; or

- (iii) the person beneficially entitled to the interest and the related Notes is either not resident in the United Kingdom or is of a description specified by regulations; or
- (iv) the interest arises to trustees not resident in the United Kingdom of certain discretionary or accumulation trusts (where, *inter alia*, none of the beneficiaries of the trust is resident in the United Kingdom); or
- (v) the person beneficially entitled to the interest is eligible under specified provisions for relief from United Kingdom tax in respect of the interest; or
- (vi) the interest falls to be treated as the income of, or of the government of, a sovereign power or of an international organisation.

In the case of each of the exceptions at (iii) to (vi) above, a declaration in the form required by law has to be provided (or a notice issued by the Inland Revenue) for the relevant exception to be available. The collecting agent is required to withhold if the Inland Revenue so directs, having reason to believe that none of the above exceptions applies or that the depositary or collecting agent has failed to comply with certain requirements.

1.3 If Notes are issued at a discount or redeemable at a premium, no United Kingdom withholding tax should apply to any premium or discount on such Notes. If any element of premium or discount were to be treated for tax purposes as yearly interest, payments thereof would be subject to United Kingdom withholding tax as outlined above.

2 Taxation of Interest

2.1 Interest on Notes will have a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency.

2.2 Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted under an appropriate provision in an applicable double taxation treaty.

2.3 Noteholders should recognise that the provisions relating to additional amounts referred to in "Terms and Conditions of the Notes – Taxation" above would not apply if the Inland Revenue sought to assess directly the person entitled to the relevant interest to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double taxation treaty.

3 Disposal (including Redemption)

3.1 Corporate Noteholders

Except as described below, Noteholders within the charge to United Kingdom corporation tax will be subject to tax as income on all profits and gains arising from, and from fluctuations in the value of, the Notes (whether attributable to movements in foreign currency exchange rates or otherwise) broadly in accordance with their statutory accounting treatment. Such Noteholders will generally be charged in each accounting period by reference to interest and any profit or loss which in accordance with such Noteholder's authorised accounting method is applicable to that period.

Where the amount payable on redemption of Notes is determined by applying to the original principal amount the percentage movement over the life of the Notes in a share index, or where otherwise the amount that must be paid to discharge Notes is equal to the amount determined by applying to the original principal amount of the Notes the percentage change over the life of the Notes in the value of assets which are "chargeable assets" for the purposes of United Kingdom taxation of chargeable gains (or in any

index of the value of such assets, but not the Retail Prices Index or any similar official general index of prices), the treatment described in the previous paragraph will apply only to interest arising in respect of the Notes. Other profits or gains on such Notes held by a Noteholder within the charge to United Kingdom corporation tax will not be subject to tax as income under Part IV of the Finance Act 1996 but the Notes will be treated as "chargeable assets" for the purposes of the United Kingdom taxation of chargeable gains so that a disposal of such Notes may give rise to a chargeable gain or allowable loss.

Special rules apply to particular types of company, such as insurance companies and investment trusts. Such holders should also have regard to rules for taxation of foreign exchange gains and losses contained in the Finance Act 1993.

3.2 Other Noteholders

A disposal of Notes by a holder resident or ordinarily resident for tax purposes in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable may give rise to a chargeable gain or allowable loss for the purposes of taxation of capital gains. Such holders should also have regard, where appropriate, to the provisions of the relevant discounted securities legislation, the accrued income scheme, the capital gains tax legislation and, in particular, should note that, under certain provisions of United Kingdom tax legislation (the relevant discounted securities legislation), the issue of Notes under a particular prospectus may, in certain circumstances, alter the tax treatment of Notes previously issued.

SUBSCRIPTION AND SALE

Summary of Programme Agreement

Subject to the terms and on the conditions contained in a Programme Agreement dated 4th October, 1996 (the "Programme Agreement") between the Bank, the Permanent Dealers and the Arrangers, the Notes will be offered on a continuous basis by the Bank to the Permanent Dealers. However, the Bank has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Bank through the Dealers, acting as agents of the Bank. The Programme Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Bank may pay each relevant Dealer a commission as set out in the relevant Pricing Supplement in respect of Notes subscribed by it. The Bank has agreed to reimburse the Arrangers for certain of their expenses incurred in connection with the establishment of the Programme.

The Bank has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Bank.

SELLING RESTRICTIONS

United States

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

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has agreed that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

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

United Kingdom

Each Dealer has agreed that:

(1) it has not offered or sold and will not offer or sell (a) any Notes having a maturity of one year or more, in respect of which admission to listing in accordance with Part IV of the Financial Services Act 1986 (the "Act") is to be sought, to persons in the United Kingdom prior to admission of such Notes to such listing or (b) prior to the date six months after their date of issue, any Notes having a maturity of one year or more, in respect of which admission to such listing is not to be sought, to persons in the United Kingdom, in each

case, except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances that have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or, in the case of Notes in respect of which admission to such listing is to be sought, the Act;

(2) it has complied with and will comply with all applicable provisions of the Act with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(3) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document that consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the Act, to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom such document may otherwise lawfully be issued or passed on.

Germany

Each Dealer has represented and agreed that it will only offer Notes in the Federal Republic of Germany in compliance with the provisions of the German Securities Prospectus Act of 13th December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the offer and sale of the Notes in the Federal Republic of Germany.

Japan

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities and Exchange Law"). Accordingly, each of the Dealers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and other relevant laws and regulations of Japan. As used in this paragraph, "resident of Japan" means any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

General

These selling restrictions may be modified by the agreement of the Bank and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Pricing Supplement issued in respect of the issue of Notes to which it relates or in a supplement to this Offering Circular.

Other than in the United Kingdom, no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Offering Circular or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular, any other offering material or any Pricing Supplement and neither the Bank nor any other Dealer shall have responsibility therefor.

FORM OF PRICING SUPPLEMENT

The form of Pricing Supplement that will be issued in respect of each Tranche, subject only to the deletion or indication of non-applicable provisions, is set out below:

- | | | |
|----|---|---|
| 1 | Series No (*): | [] |
| 2 | Tranche No (*): | [] |
| 3 | ISIN (*): | [] |
| 4 | Currency (*): | [] |
| 5 | Principal Amount of Tranche (*): | [] |
| 6 | Issue Date (*): | [] |
| 7 | Form (*): | [Bearer/Exchangeable Bearer/Registered] |
| 8 | Denomination(s) (*): | [] |
| 9 | Status (*): | [Senior/Dated Subordinated/Undated Subordinated] |
| 10 | Interest Commencement Date (* – other than Zero Coupon Notes): | [] |
| 11 | Interest Rate (including after Maturity Date) (*): | [[] per cent. per annum/Floating Rate/Zero Coupon/[other]] |
| 12 | Interest Payment Date(s) (* – other than Zero Coupon Notes): | [], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [] months after the previous Interest Payment Date (or, in the case of the first Interest Payment Date, after the Interest Commencement Date)[, subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]] |
| 13 | Relevant Time (Floating Rate Notes): | [] |
| 14 | Interest Determination Date (Floating Rate Notes): | [[] Business Days in [specify city] for [specify currency] prior to] [the first day in each Interest Period/each Interest Payment Date] |
| 15 | Primary Source for Floating Rate (* – Floating Rate Notes): | [specify relevant screen page or “Reference Banks”] |
| 16 | Reference Banks (* – Floating Rate Notes – if Primary Source is “Reference Banks”): | [specify four] |
| 17 | Relevant Financial Centre (Floating Rate Notes): | [The financial centre most closely connected to the Benchmark – specify if not London] |
| 18 | Benchmark (* – Floating Rate Notes): | [LIBOR, LIBID, LIMEAN or other benchmark] |
| 19 | Representative Amount (Floating Rate Notes): | [Specify if screen or Reference Bank quotes are to be given in respect of a transaction of a specified notional amount] |
| 20 | Relevant Currency (Floating Rate Notes): | [Specify if not currency of denomination] |

| | | |
|----|---|---|
| 21 | Effective Date (Floating Rate Notes): | [Specify if quotes are not to be obtained with effect from commencement of Interest Period] |
| 22 | Specified Duration (Floating Rate Notes): | [Specify period for quote, if not duration of Interest Period] |
| 23 | Margin (if applicable): | [] per cent. per annum |
| 24 | Rate Multiplier (if applicable): | [] |
| 25 | Maximum/Minimum Interest Rate (if applicable): | [] per cent. per annum |
| 26 | Maximum/Minimum Instalment Amount (if applicable): | [] |
| 27 | Maximum/Minimum Redemption Amount (if applicable): | [] |
| 28 | Interest Amount (Fixed Rate Note or Indexed Interest Note): | [Specify amount of interest due in respect of each Denomination on each Interest Payment Date or, if applicable, a formula for calculating such amounts] |
| 29 | Day Count Fraction (*): | [] |
| 30 | Interest Period Date(s) (if applicable): | [], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [] months after the previous Interest Period Date (or, in the case of the first Interest Period Date, after the Interest Commencement Date)[, subject to adjustment in accordance with the Floating Rate Business Day Convention for which the Business Day[s] [is/are] [specify cities]] |
| 31 | Redemption Amount (including early redemption) (*): | [Principal Amount/[other]] |
| 32 | Maturity Date (*): | [], subject to adjustment in accordance with the [Following/Modified Following/Preceding] Business Day Convention for which the Business Day[s] [is/are] [specify cities]] OR [The Interest Payment Date falling in [specify month and year]] |
| 33 | Redemption for Taxation Reasons permitted on days other than Interest Payment Dates (*): | [Yes/No] |
| 34 | Amortisation Yield (Zero Coupon Notes): | [] per cent. per annum |
| 35 | Terms of redemption at the option of the Bank or description of any other Bank's option (if applicable): | [] |
| 36 | Bank's Option Period (if applicable): | [] |
| 37 | Terms of redemption at the option of the Noteholders or description of any other Noteholders' option (if applicable): | [] |
| 38 | Noteholders' Option Period (if applicable): | [] |

- 39 Instalment Date(s) (if applicable): []
- 40 Instalment Amount(s) (if applicable): []
- 41 Unmatured Coupons to become void upon early redemption (*): [Yes/No]
- 42 Talons to be attached to Notes and, if applicable, the number of Interest Payment Dates between the maturity of each Talon (if applicable): [No/Yes, maturing every [] Interest Payment Dates]
- 43 Business Day Jurisdictions for Condition 6(h) (jurisdictions required to be open for payment) (*): []
- 44 Additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 11(a) (if applicable): []
- 45 Details of any other additions or variations to the Conditions (if applicable): []
- 46 The Agents appointed in respect of the Notes are (*): [List Agents and their specified offices]
- 47 Notes to be represented on issue by (*): [temporary Global Note/permanent Global Note/Global Certificate/permanent Global Certificate]
- 48 Applicable TEFRA exemption (* – if “C Rules” or “not applicable”): [C Rules/D Rules/not applicable]
- 49 Temporary Global Note exchangeable for Definitive Notes (* – if yes): [specify, if yes]
- 50 Permanent Global Note exchangeable for Definitive Notes at the request of the holder (* – if yes): [specify, if yes]
- 51 Details of any additions or variations to the selling restrictions: []
- 52 Listing: []
- 53 Dealer’s Commission: []
- 54 Method of issue of Notes: [Individual Dealer/Syndicated Issue]
- 55 The following Dealer(s) [is/are] subscribing the Notes: [Insert legal name(s) of Dealer(s)]
- 56 Common Code: []
- 57 The aggregate principal amount of Notes issued has been translated into pounds sterling at the rate of [currency]=£1, producing a sum of (for Notes not denominated in pounds sterling): £[]

Notes:

(*) – Obligatory definition for all Notes.

(* – Floating Rate Notes) – Obligatory definition for Floating Rate Notes.

(* – other than Zero Coupon Notes) – Obligatory definition for all Notes other than Zero Coupon Notes.

(* – if . . .) – Obligatory definition in the circumstances described.

(Floating Rate Notes/Zero Coupon Notes) – Optional definition for Floating Rate Notes or Zero Coupon Notes, as the case may be. Although completion is desirable from a “for the avoidance of doubt” perspective, nothing need be specified if the fallback definition appearing in the Conditions is correct.

(if applicable) – Definition requiring completion where such additional terms are applicable to the Notes.

GENERAL INFORMATION

1. The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Notes on the London Stock Exchange will be granted on or before 26th September, 1997, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions on the London Stock Exchange will normally be effected for delivery on the third working day after the day of the transaction. However, unlisted Notes may be issued pursuant to the Programme.

2. The Bank has obtained all necessary consents, approvals and authorisations in the United Kingdom in connection with the issue and performance of the Notes. The establishment of the Programme and the issue of the Notes were authorised by resolutions of the Chairman's Committee of the Board of Directors of the Bank passed on 26th September, 1996 and 18th September, 1997.

3. Save as disclosed on page 36 hereof in relation to the transfers of the shareholdings in Lloyds Abbey Life plc and its subsidiaries, there has been no significant change in the financial or trading position of the Bank or of the Group since 31st December, 1996 and no material adverse change in the financial position or prospects of the Bank or of the Group since 31st December, 1996.

4. Neither the Bank nor any of its subsidiaries is involved in any legal or arbitration proceedings that may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group or of the Bank nor is the Bank aware that any such proceedings are pending or threatened.

5. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

6. Notes have been accepted for clearance through the Euroclear and Cedel Bank systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the relevant Pricing Supplement.

7. Under Article 109G of the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty"), the currency composition of the ECU may not be changed. The Treaty contemplates that European monetary union will occur in three stages, the second of which began on 1st January, 1994 with the entry into force of the Treaty on European Union. The Treaty provides that, at the start of the third stage of European monetary union, the value of the ECU as against the currencies of the member states participating in the third stage will be irrevocably fixed, and the ECU will become a currency in its own right. In contemplation of that third stage, the European Council meeting in Madrid on 16th December, 1995 decided that the name of that currency will be the Euro and that, in accordance with the Treaty, substitution of the Euro for the ECU will be at the rate of one Euro for one ECU. From the start of the third stage of European monetary union, all payments in respect of Notes denominated or payable in ECU will be payable in Euro at the rate then established in accordance with the Treaty.

8. The Arranger for issues of Deutsche Mark Notes, the Dealers for Deutsche Mark Notes and the Bank will comply with the Deutsche Bundesbank statements from time to time relating to the issue of Deutsche Mark securities.

9. For so long as Notes may be issued pursuant to this Offering Circular, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of Lloyds Bank Plc, 71 Lombard Street, London EC3P 3BS and of the Issuing and Paying Agent:

9.1 the Trust Deed (which includes the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons, the Receipts and the Talons);

- 9.2 the Programme Agreement;
 - 9.3 the Memorandum and Articles of Association of the Bank;
 - 9.4 the audited consolidated Report and Accounts of the Bank for the two financial years most recently ended;
 - 9.5 each Pricing Supplement for Notes that are listed on the London Stock Exchange or any other stock exchange;
 - 9.6 a copy of this Offering Circular together with any supplemental Offering Circular or further Offering Circular; and
 - 9.7 all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Circular.
10. Copies of the latest audited consolidated Report and Accounts of the Bank and copies of the Trust Deed will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding. The Bank does not publish interim accounts.
11. Price Waterhouse, Chartered Accountants and Registered Auditors have audited, and rendered unqualified audit reports on, the annual consolidated published accounts of the Bank and its subsidiaries for the three financial years ended 31st December, 1996.
12. No redemption of the Notes for taxation reasons, no redemption of the Notes, no optional redemption of the Notes pursuant to Condition 5(d) or Condition 5(e) and no purchase and cancellation of the Notes in accordance with the Conditions of the Notes will be made by the Bank without such prior consent of the Bank of England as may for the time being be required therefor.

REGISTERED OFFICE OF THE BANK

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London EC3P 3BS

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Swiss Bank Corporation
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UBS Limited
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