

**THE CHARITY BANK LIMITED**  
**(company number 04330018)**  
**(the "Company")**


**Notice of Special Resolution**  
**passed on 23<sup>rd</sup> May 2017**

**SPECIAL RESOLUTION**

The Shareholders of the Company passed the following resolution as a Special Resolution by way of the written resolution procedure on 23<sup>rd</sup> May 2017:

2. **Amendment to Articles of Association**

"**THAT** the draft articles of association attached to this document and, for the purposes of identification, initialled by the Chairman, (**New Articles**) be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the Company's existing articles of association."

  
**Jenny Edwards**

**Company Secretary**

Date: 5<sup>th</sup> June 2017

Registered No: 0433018

Registered Office: Fosse House, 182 High Street, Tonbridge TN9 1BE



## **The Companies Acts 1985 to 2006**

### **Company Limited by Shares Articles of Association of The Charity Bank Limited**

**As amended by Special Resolution of the Company on 23<sup>rd</sup> May 2017**

#### **Interpretation**

- 1 The interpretation of these Articles is governed by the provisions set out in the Schedule at the end of these Articles.
- 2 The model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) shall not apply to the Company and shall be excluded in their entirety.

#### **Objects**

- 3 The Company's objects are to promote any charitable purpose for the benefit of the public by:
  - 3.1 the provision of loans and guarantees on beneficial terms to charities or for charitable purposes by receiving donations and by obtaining loans and taking deposits on beneficial terms from the public and others in order to provide such loans or guarantees;
  - 3.2 promoting the efficient and effective application of charitable resources by those charities and for charitable purposes by the provision of financial advice, support and related assistance to charities and for charitable projects in relation to such loans and guarantees;
  - 3.3 advancing any other purpose which may be charitable according to the law of England and Wales;

and in this clause 'beneficial' shall mean on terms of or subject to arrangements which are advantageous to charity as compared with commercial terms or arrangements.

#### **Powers**

- 4 The Company has the power to:-
  - 4.1 carry on the business of deposit taking and otherwise to borrow and raise money on such terms and security as the Company may think suitable in the ordinary course of its business;
  - 4.2 borrow and raise money outside the ordinary course of its business subject to shareholder consent;
  - 4.3 lend or advance money with or without security and act as guarantor;
  - 4.4 underwrite and distribute bonds;
  - 4.5 undertake or promote research and disseminate the useful results;

- 4.6 promote education and training in the effective management of financial and other resources;
- 4.7 provide information and advice to government, governmental agencies and other statutory authorities;
- 4.8 raise funds (including by way of bonds) and invite and receive contributions from any person(s);
- 4.9 draw, make, accept, endorse, grant, discount, execute, acquire, buy, sell, issue, negotiate, transfer, hold, invest, or deal in and honour, retire, pay or secure obligations, instruments (whether negotiable or transferable or not) and securities of every kind;
- 4.10 grant, issue, negotiate, honour, retire and pay letters of credit, circular notes, notes convertible into shares in the Company, drafts and other instruments and securities of every kind;
- 4.11 contract for public and private loans and negotiate and issue the same;
- 4.12 receive money on deposit;
- 4.13 receive security for the implementation of any obligations;
- 4.14 grant indemnities against loss and risks of all kinds;
- 4.15 arrange, structure or advise on investment, the raising of finance and other financial activities;
- 4.16 engage in any other financial activities or transactions which it may lawfully carry out;
- 4.17 provide consultancy services;
- 4.18 take or concur in any steps or proceedings (including the undertaking of any obligation, monetary or otherwise) calculated to uphold or support the credit of the Company, or to obtain, maintain, justify or restore public confidence, or to avert or minimise financial disturbances directly or indirectly affecting or likely to affect the business of the Company;
- 4.19 acquire and undertake the whole or any part of the business, goodwill and assets of any person, firm or company carrying on or proposing to carry on any of the businesses which the Company is authorised to carry on or which can be carried on in conjunction therewith, or which are capable of being conducted directly or indirectly to the benefit of the Company, and as part of the consideration for such acquisition to undertake all or any of the liabilities of such person, firm or company, or to acquire an interest in, amalgamate or enter into any arrangement for sharing profits, or for co-operation, or for limiting competition or for mutual assistance, with any such person, firm or company, and to give or accept, by way of consideration for any of the acts or things aforesaid or property acquired, any shares, whether fully or partly paid up, debentures, or other securities or rights that may be agreed upon, and to hold and retain or sell, mortgage and deal with any shares, debentures or other securities or rights so received;
- 4.20 apply for, protect, and renew trade marks, trade or brand names connected with the business of the Company;
- 4.21 enter into any arrangements with any governments or authorities (supreme, municipal, local or otherwise), or any corporations, companies, persons, trade associations or funds that may seem conducive to the Company's objects, or any of them, and to obtain from any such

government, authority, corporation, company, person, trade association or fund, any charters, contracts, decrees, rights, privileges and concessions which the Company may think desirable, and to carry out, exercise and comply with any such charters, contracts, decrees, rights, privileges and concessions;

- 4.22 provide advice and training;
- 4.23 make grants to charities or for charitable purposes;
- 4.24 write, make, commission, print, publish or distribute written materials, or other materials recorded in or on any format, or assist in these activities;
- 4.25 promote, encourage, carry out or commission research, surveys, studies or other work, publishing the useful results;
- 4.26 purchase, lease, hire or receive in exchange or as a gift any interest whatever in real or personal property and equip it for use;
- 4.27 sell, manage, lease, mortgage, exchange, dispose of or deal with all or any of its property with or without payment and subject to such conditions as it may think suitable;
- 4.28 carry on trade in the course of carrying out any of its objects;
- 4.29 carry on temporary trade ancillary to carrying out any of its objects;
- 4.30 incorporate companies to carry on any trade;
- 4.31 employ and pay employees and professional or other providers;
- 4.32 grant pensions and retirement benefits to employees of the Company and to their dependants and subscribe to funds or schemes for providing pensions and retirement benefits for employees of the Company and their dependants;
- 4.33 establish, promote, support, aid, amalgamate or co-operate with, become a part or member, affiliate or associate of, and act as or appoint trustees, agents, nominees or delegates to control and manage institutions, companies, societies, associations and organisations whether corporate or unincorporated with objects similar to its objects;
- 4.34 undertake and execute any charitable trusts which may lawfully be undertaken by it;
- 4.35 invest and otherwise deal with the Company's money not immediately required for its objects in or upon any investments, securities, or property and for financial return, social impact or any combination thereof;
- 4.36 delegate the management of investments to a Financial Expert or experts on such terms as may be agreed by the Directors;
- 4.37 arrange for investments or other property of the Company to be held in the name of a nominee or nominees (being a corporate body or bodies registered or having an established place of business in England and Wales) under the control of the Directors or of a Financial Expert(s) as aforesaid acting under their instructions and to pay any reasonable fee required;
- 4.38 guarantee and become or give security for the performance of contracts by any person or company;
- 4.39 open and operate banking accounts and other facilities for banking and draw, accept, endorse, negotiate, discount, issue or execute promissory notes, bills of exchange and other negotiable instruments;

- 4.40 purchase or acquire or undertake all or any of the property, assets, liabilities and engagements of any institution, company, society, association or organisation whether corporate or unincorporated with objects similar to the Company's objects;
- 4.41 pay out of its funds the costs of forming and registering the Company;
- 4.42 pay out of its funds any remuneration and expenses due to the Directors in accordance with these Articles;
- 4.43 pay out of its funds the cost of any premium in respect of any indemnity insurance to cover the liability of the Directors (or any of them) which by virtue of any rule of law would otherwise attach to them in respect of any negligence, default, breach of trust or breach of duty of which they may be guilty in relation to the Company. No such insurance shall extend to any claim arising from any act or omission which the Directors (or any of them) knew to be a breach of trust or breach of duty or which was committed by the Directors (or any of them) in reckless disregard of whether it was a breach of trust or breach of duty or not; and
- 4.44 do all such other lawful things as the Directors believe shall further the Company's objects.

#### **Limited liability**

- 5 The liability of the members is limited to the amount (if any) unpaid on the shares held by them.

#### **Amendment**

- 6 The provisions of these Articles may be altered by special resolution of the Company provided that no alteration shall be made to this Article 6 or to Article 3 unless approved by resolution of members eligible to vote on the resolution in accordance with these Articles and accounting for at least 90% of the total voting rights exercisable by such eligible members.
- 7 For so long as CAF remains a shareholder of the Company, the objects of the Company set out at Article 3 of these Articles may only be altered following prior consultation with CAF.

#### **Share capital**

- 8 The share capital of the Company may comprise:
- ordinary shares of £0.50 each ("**ordinary shares**")
  - non-cumulative 'B' preference shares of £0.50 each ("**B preference shares**")
  - 'C' preference shares of £0.50 each ("**C preference shares**")

#### **Share rights**

- 9 To every such separate meeting as is referred to in Article 10 the provisions of these Articles with respect to notice of and proceedings at general meetings shall apply but so that:
- 9.1 the requisite quorum shall be a person or persons, each being a member, a proxy for a member or a duly authorised representative of a Corporate Member, together or alone holding or representing not less than one-third of the issued shares of the relevant class;

- 9.2 Article 58 (absence of quorum) shall be read and construed as if reference to "the Directors" was to "the chairman of the meeting";
- 9.3 the person or persons present and able to count in the quorum pursuant to Article 9.1 shall elect one of their number to act as chairman;
- 9.4 Articles 59 to 61 shall not apply; and
- 9.5 any holder of shares of the relevant class, present by proxy or representative, may demand a poll.
- 10 All or any of the special rights or privileges for the time being attached to any share or any class of shares in the capital of the Company (notwithstanding that the Company may be or be about to be in liquidation) may be varied, and may only be varied, with the prior written consent of the holders of not less than three-quarters of the issued shares of the relevant class (if any) or by the passing of a special resolution at a separate meeting of the holders of shares of the relevant class (if any) duly convened and held as hereinafter provided.
- 11 Without prejudice to any enactment or rule of law as to what also constitutes a variation of class rights, a variation of class rights in relation to any class of shares in the Company shall occur if the special rights or privileges for the time being attached to any such class are abrogated in any way or to any extent.
- 12 The subscription price for B preference shares and C preference shares respectively shall not exceed par value and such shares shall not be issued or allotted subject to any terms or conditions save those contained in any instrument or agreement dated prior to the date of adoption of these Articles which require payment of such subscription price or as are set out in the Articles, in each case prior to the date of adoption of these Articles.
- 13 The B preference shares carry a non-cumulative preferential dividend on the capital for the time being paid up on those shares, payable in respect of each accounting reference period of the Company only if and so far as such dividend is declared in accordance with Article 141 and on a winding up shall entitle the holders to repayment of the capital paid on those shares in priority to any payment to the holders of ordinary shares, but the B preference shares shall not entitle the holders to any further or other participation in the profits or assets of the Company.
- 14 The C preference shares shall not entitle the holders to receive any dividends or to any other participation in the profits or assets of the Company and on a winding up C preference shareholders shall be entitled to repayment of the capital paid on those shares in priority to any payment to the holders of ordinary shares, but the C preference shares shall not entitle the holders to any further or other participation in the profits or assets of the Company.
- 15 Sections 561(1) and 562(1) to (5) of the Companies Act 2006 shall not apply to the Company.
- 16 Save to the extent authorised from time to time by an ordinary resolution of the shareholders and save as permitted by Article 17, the Directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company.
- 17 B preference shares held by a charity registered as such with the Charity Commission of England and Wales and any C preference shares shall be convertible to ordinary shares at any time at the option of any holder of such B preference shares or C preference shares by service of a notice of conversion on the Company or, with respect to the B preference shares and C preference shares in issue at the date of adoption of these Articles, at the option of

the Company by service of a notice of conversion on the holder of B preference shares or C preference shares, provided that the proposed conversion has been approved by resolution of the holders of ordinary shares in the Company. Within 30 Clear Days of the later of (a) receipt of the notice of conversion together with the original share certificates and (b) the approval by resolution of the holders of ordinary shares in the Company, the Directors shall issue to the relevant shareholder replacement share certificates for the converted shares. The shares shall be converted on issue by the Directors of the replacement share certificates.

- 18 If a person becomes a member as a representative of an unincorporated association or body or as a trustee representative of a trust, the name of the member, the name of the unincorporated association or body or trust and the fact that the member is the representative shall be entered in the register of members.
- 19 An organisation admitted to membership which is an incorporated body (a "**Corporate Member**") may by resolution of its directors or other governing body authorise a person or persons to act as its authorised representative or representatives at any meeting of the Company and may revoke that authorisation or authorise a replacement person from time to time. Evidence of the appointment, revocation of appointment or replacement of the representative must be provided in the form of:
  - 19.1 *an original or certified copy of the resolution of the directors or other governing body of the Corporate Member;*
  - 19.2 a letter confirming the appointment, revocation of appointment or replacement of the representative on the letterhead of the Corporate Member signed by a duly authorised individual and submitted with evidence of the authority under which it was signed; or
  - 19.3 such other form as the Directors may reasonably require.
- 20 A person authorised under Article 19 may exercise (on behalf of the Corporate Member) the same powers as the Corporate Member could exercise if it were an individual member.

### **Undertaking**

- 21 If the Company makes any issue of ordinary shares to a person other than BSC (a "**New Shareholder**") prior to 31<sup>st</sup> December 2019 at a subscription price per share lower than the average subscription price per share for all ordinary shares issued to BSC on or before 31 December 2017, the Company shall, except where prohibited by law or regulation, make a bonus issue solely to BSC of such number of ordinary shares, fully paid, in order that the average price per share paid by BSC for all its ordinary shares (including the bonus issue) is equal to the lowest price paid by any other New Shareholder.

### **Share Certificates**

- 22 Every member, upon becoming the holder of any shares, shall be entitled without payment to one certificate for all the shares of each class held by that member (and, upon transferring a part of the holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of the member's shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine. Every certificate shall be sealed with the seal (if any) or otherwise executed in accordance with the Companies Acts and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The

Company shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

- 23 If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and payment of the expenses reasonably incurred by the Company in investigating evidence as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

### **Lien**

- 24 The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (whether fully paid or not) standing registered in the name of any person whether solely or as one or two or more joint holders for all moneys presently payable by him to the Company; but the Directors may at any time declare any share to be wholly or partly exempt from the provisions of this Article.
- 25 The Company may sell in such manner as the Directors determine any shares on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 Clear Days after notice has been given to the holder of the share demanding payment and stating that if the notice is not complied with the shares may be sold.
- 26 To give effect to a sale the Directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 27 The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable, and any residue shall (upon surrender to the Company for cancellation of the certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

### **Calls on shares and forfeiture**

- 28 Subject to the terms of allotment, the Directors may make calls upon the members in respect of any moneys unpaid on their shares (whether in respect of nominal value or premium) and each member shall (subject to receiving at least 14 Clear Days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on the member's shares. A call may be required to be paid by instalments. A call may, before receipt by the Company of any sum due thereunder, be revoked in whole or part and payment of a call may be postponed in whole or part. A person upon whom a call is made shall remain liable for the call notwithstanding the subsequent transfer of the shares in respect whereof the call was made.
- 29 A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.



- 30 The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.
- 31 If a call remains unpaid after it has become due and payable the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due and payable until it is paid at the rate fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Companies Acts) but the Directors may waive payment of the interest wholly or in part.
- 32 An amount payable in respect of a share on allotment or at any fixed date, whether in respect of nominal value or premium or as an instalment of a call, shall be deemed to be a call and if it is not paid the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.
- 33 Subject to the terms of allotment, the Directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.
- 34 If a call remains unpaid after it has become due and payable the Directors may give to the person from whom it is due not less than 14 Clear Days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.
- 35 If the notice is not complied with any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- 36 Subject to the provisions of the Companies Acts, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture the holder or to any other person eligible to hold shares in the Company and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purposes of its disposal a forfeited share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the share to that person.
- 37 A person any of whose shares have been forfeited shall cease to be a member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by the member to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Companies Acts) from the date of forfeiture until payment but the Directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 38 A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the

consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

### **Transfer of shares**

- 39 Shares may be transferred by means of an instrument of transfer in any usual form or in any other form which the Directors may approve, which is executed by or on behalf of the transferor.
- 40 The Directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.
- 41 If the Directors refuse to register a transfer of a share, they shall within two months after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal.
- 42 No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to any share.
- 43 The Company shall be entitled to retain any instrument of transfer which is registered.

### **Issue of new shares**

- 44 Subject to Article 45, the provisions of Article 46 shall only apply with effect from the earlier of (a) 1 January 2017 or (b) the date upon which written notice from the Company, in a form agreed between the Company and BSC, is given to the members of the Company, stating that Article 46 has become effective.
- 45 The provisions of Article 46 shall not apply to the conversion of the Loan Notes to B preference shares or C preference shares (as applicable) in accordance with their terms.
- 46 The Company shall procure that before allotting and issuing any new shares they shall have been offered for subscription to the existing shareholders in accordance with Articles 46.1 to 46.8 below:
  - 46.1 the new shares shall be offered for subscription in cash and on the same terms to each holder of shares, in proportion to the number of issued shares held by such holder of shares as at the close of business on the date prior to such offer on the basis that a holder of shares may take up all or part or none of the shares offered to it;
  - 46.2 each offer pursuant to Article 46.1 shall be made by notice in Writing (the "**Notice**") specifying the number of shares which the holder of shares is offered and a time limit (being not less than 21 days from the date of the Notice) within which if the offer is not accepted in Writing it will be deemed to be declined;
  - 46.3 any holder of shares who accepts the offer shall confirm in its acceptance either:
    - 46.3.1 that it would accept, on the same terms, shares (specifying a maximum number) that have not been accepted by other holders of shares ("**Excess Shares**"); or
    - 46.3.2 that it would not accept any Excess Shares;
  - 46.4 if a holder of shares who accepts the offer fails to make a confirmation in the terms of Article 46.3.1 or Article 46.3.2, he shall be deemed to have made a confirmation in the terms of Article 46.3.2;

- 46.5 Excess Shares shall be allotted to each relevant holder of shares who has indicated that he will accept Excess Shares in proportion to the number of issued shares he holds, as compared with the aggregate number of issued shares held by all those holders of shares who have indicated that they would accept Excess Shares provided that no such holder of shares shall be allotted more Excess Shares than the maximum number of shares such holder of shares has indicated he is willing to accept;
- 46.6 if, after the first allotment of Excess Shares, there remain Excess Shares that have not been allotted, and one or more holder of shares (the "**Remaining Shareholders**") have indicated in their response to the Notice that they will accept more Excess Shares than they have been allotted, the remaining Excess Shares shall be allocated to the Remaining Shareholder(s) in proportion to the numbers of issued shares held by such Remaining Shareholders as at the close of business on the date prior to the offer made pursuant to Article 46.1, provided that no such holder of shares shall be allotted more Excess Shares than the maximum number of Excess Shares such holder of shares has indicated he is willing to accept. Excess Shares shall continue to be allotted on this basis until either all Excess Shares are allotted or all requests for Excess Shares have been satisfied;
- 46.7 upon expiry of the time limit for acceptance of an offer made pursuant to Article 46.1 or upon receipt by the Company of an acceptance or refusal of any offer made by the Company, the Board of Directors shall be entitled to allot to any person any shares offered to holders of shares and which are not required to be allotted in accordance with the foregoing provisions on terms no more favourable than those offered to the holders of shares and in such manner as the Board of Directors may think most beneficial to the Company; and
- 46.8 where any allotment referred to in this Article 46 would result in a fractional allotment, the Directors may in their absolute discretion round up or down such fractional allotments provided that the aggregate number of shares allotted by the Company is not greater than the number of shares whose issue the holders of shares approved pursuant to Article 16 and provided that such rounding does not result in a holder of shares being allotted more shares than he has indicated he is willing to accept.

#### **Alteration of share capital**

- 47 The Company may alter its share capital to the fullest extent permitted in accordance with the Companies Acts and subject to the obtaining of any necessary regulatory consent or approval.
- 48 Whenever as a result of a consolidation of shares any members would become entitled to fractions of a share, the Directors may, on behalf of those members, sell the shares representing the fractions for the best price reasonably obtainable to any person eligible to hold shares in the Company (including, subject to the provisions of the Companies Acts, the Company) and distribute the net proceeds of sale in due proportion among those members, and the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall the transferee's title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

### **Purchase of own shares**

- 49 Subject to the provisions of the Companies Acts, the Company may purchase its own shares (including any redeemable shares) and, being a private company, make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits of the Company or the proceeds of a fresh issue of shares.

## **General Meetings**

### **Annual General Meeting**

- 50 The Company shall hold an annual general meeting once in each calendar year. Not more than 15 months shall pass between the date of one annual general meeting and the next. It shall be held at such time and place as the Directors shall think suitable.

### **Other General Meetings**

- 51 The Directors may call a general meeting at any time. The Directors shall call a general meeting on receiving a requisition to that effect, signed by members holding at least five per cent. of the issued share capital of the Company and having the right to attend and vote at general meetings. In default, the requisitionists may call a general meeting in accordance with the Companies Acts.

### **Length of Notice**

- 52 Unless Article 53 applies, or unless the Companies Acts require longer notice, all general meetings shall be called by at least 14 Clear Days' notice.
- 53 A general meeting may be called by shorter notice if it is so agreed by such minimum proportion of the members entitled to attend and vote at that meeting as is required by the Companies Acts.

### **Contents of Notice**

- 54 Every notice calling a general meeting shall specify the place, day and time of the meeting and the general nature of the business to be transacted. In the case of an annual general meeting, the notice shall in addition specify the meeting as such. If a special resolution is to be proposed, the notice shall contain a statement to that effect together with the wording of the proposed special resolution.
- 55 In every notice calling a general meeting there must appear with reasonable prominence a statement informing the member of his, her or its rights to appoint another person as his, her or its proxy at a general meeting.

### **Service of Notice**

- 56 Notice of general meetings shall be given to every member and to the Directors and to the auditors of the Company.

## **Proceedings at General Meetings**

- 57 No business (other than the appointment of the chair of the meeting) shall be transacted at any meeting unless a quorum is present. A quorum shall require at least one representative of each shareholder holding at least 20 per cent. of the shares in the capital of the Company.
- 58 If such a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting those present and entitled to vote shall be a quorum.
- 59 The chairman, if any, of the Directors or in his or her absence some other Director nominated by the Directors shall preside as chairman of the meeting, but if neither the chairman nor such other Director (if any) be present and willing to preside within 15 minutes after the time appointed for holding the meeting, the Directors present shall elect one of their number to preside and, if there is only one Director present and willing to act, he or she shall preside.
- 60 If no Director is willing to preside, or if no Director is present within 15 minutes after the time appointed for holding the meeting, the persons present and entitled to vote shall choose one of their number to preside.
- 61 A Director may, even if not a member, attend and speak at any general meeting.
- 62 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for 14 days or more, at least seven Clear Days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 63 At any General Meeting any Substantive Resolution put to the vote shall be decided on a poll, and any Procedural Resolution put to the vote shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded by:
- 63.1 the chairman; or
- 63.2 two or more persons having the right to vote on the resolution; or
- 63.3 a person or persons representing at least one-tenth of the total voting rights of all the members having the right to vote on the resolution.
- 64 Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.
- 65 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.

- 66 A poll shall be taken as the chairman directs and he or she may appoint scrutineers (who need not be members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 67 A poll demanded on the election of the chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 68 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least seven Clear Days' notice shall be given specifying the time and place at which the poll is to be taken.
- 69 The proceedings at any meeting or on the taking of any poll shall not be invalidated by reason of any accidental informality or irregularity or any want of qualification in any of the persons present or voting.

#### **Written Resolutions**

- 70 The members may pass resolutions in Writing as written resolutions in accordance with the Companies Acts and subject to any additional requirements applying pursuant to these Articles in respect of the proportion of voting rights required to pass a resolution.

#### **Votes of members**

- 71 On a show of hands every member entitled to vote and being present whether in person or by proxy or (being a Corporate Member) present by a duly authorised representative shall have one vote; and on a poll every member entitled to vote and being present in person or by proxy (or being a Corporate Member) present by a duly authorised representative shall have one vote for every share held save that:
- 71.1 the B preference shares shall not confer on the holders any right to vote except:
- 71.1.1 on a resolution to appoint or remove Directors in accordance with the provisions of Article 107.1;
  - 71.1.2 on a resolution at a general meeting for the winding up of the Company in which case the holders may only then vote at such meeting on the election of a chairman and any motion for adjournment and the resolution for winding up; and
  - 71.1.3 the C preference shares shall not confer on the holders the right to vote save on a resolution at a general meeting for the winding up of the Company in which case the holders may only then vote at such meeting on the election of a chairman and any motion for adjournment and the resolution for winding up.
- 72 Notwithstanding Article 71, for so long as BSC holds more than 49.9 per cent. of the total issued ordinary shares, BSC shall not be entitled to exercise total votes at a general meeting in excess of X votes where:

$X = Y - 1$  votes

where

X = maximum number of votes exercisable by BSC; and

Y = the total number of votes exercisable by all shareholders (other than BSC) at a general meeting.

- 72.1 For the avoidance of doubt, the restriction imposed by this Article 72 shall not apply to any party to whom BSC transfers some or all of its shares and shall not constitute BSC as a separate class of shareholder.
- 73 On a poll, any member present in person or by proxy or (being a Corporate Member) present by a duly authorised representative and entitled to exercise voting rights attaching to more than one share, then:
- 73.1 rights attached to the shares; and
- 73.2 rights under any enactment exercisable by virtue of holding the shares,
- need not all be exercised and, if exercised, need not all be exercised in the same way.
- 74 No person shall be entitled to vote at any general meeting in respect of any share held by a member unless all monies presently payable by the member to the Company have been paid.
- 75 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and binding.

## **Proxies**

### **Power to appoint**

- 76 A member is entitled to appoint another person as his, her or its proxy to exercise all or any of his, her or its rights to attend and speak and vote at a meeting of the Company. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed.

### **Manner of appointment**

- 77 Proxies may only validly be appointed by a notice in Writing (a "**Proxy Notice**") which:
- 77.1 states the name and address of the member appointing the proxy;
- 77.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
- 77.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Directors may determine; and
- 77.4 is delivered to the Company in accordance with these Articles and any instructions contained in the notice of general meeting to which they relate.

- 78 A proxy for a member representing an unincorporated organisation under Article 18 may be appointed either by the member or by the organisation which he or she represents.
- 79 The Company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 80 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 81 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 81.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- 81.2 appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

### **Delivery of Proxy Notices**

- 82 The Proxy Notification Address in relation to any general meeting is:
- 82.1 the Office; or
- 82.2 any other Address or Addresses specified by the Company as an Address at which the Company or its agents will receive Proxy Notices relating to that meeting, or any adjournment of it, delivered in Hard Copy Form or Electronic Form; or
- 82.3 any electronic Address falling within the scope of Article 83.3.
- 83 If the Company gives an electronic Address:
- 83.1 in a notice calling a meeting;
- 83.2 in an instrument of proxy sent out by it in relation to the meeting; or
- 83.3 in an invitation to appoint a proxy issued by it in relation to the meeting;
- it will be deemed to have agreed that any Document or information relating to proxies for that meeting may be sent by Electronic Means to that Address (subject to any conditions or limitations specified in the notice). In this Article 83, Documents relating to proxies include the appointment of a proxy in relation to a meeting, any Document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, and notice of the termination of the authority of a proxy.

### **Attendance of member**

- 84 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting (including the duly appointed authorised representative of a Corporate Member) remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Company by or on behalf of that person (or the Corporate Member which they represent). If the person casts a vote in such circumstances, any vote cast by the proxy appointed under the Proxy Notice is not valid.



## **Timing**

- 85 Subject to Articles 82 and 83, a Proxy Notice must be received at a Proxy Notification Address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
- 86 In the case of a poll taken more than 48 hours after it is demanded, the Proxy Notice must be received at a Proxy Notification Address not less than 24 hours before the time appointed for the taking of the poll.
- 87 In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the Proxy Notice must be:
- 87.1 received in accordance with Article 82; or
- 87.2 given to the chair, Secretary (if any) or any Director at the meeting at which the poll was demanded.
- 88 Saturdays, Sundays, and Public Holidays are not counted when calculating the 48 hour and 24 hour periods referred to in Articles 86 and 87.

## **Revocation**

- 89 An appointment under a Proxy Notice may be revoked by delivering a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given to a Proxy Notification Address.
- 90 A notice revoking the appointment of a proxy only takes effect if it is received before:
- 90.1 the start of the meeting or adjourned meeting to which it relates; or
- 90.2 (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.

## **Execution**

- 91 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointer's behalf.
- 92 A vote given or poll demanded by the duly authorised representative of a Corporate Member shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll unless notice of the termination was received by the Company at the Proxy Notification Address for the applicable general meeting before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

## **Directors**

### **Number and mix of Directors**

- 93 The number and mix of Directors shall at all times be in accordance with the following provisions of this Article:

- 93.1 Until 31 December 2016 the maximum number of Directors in office at any time shall be 18. Following 31 December 2016 the maximum number of Directors in office at any time shall be 12. The minimum number of Directors in office at any time shall be three.
- 93.2 With the exception of those appointed and removed pursuant to Articles 107 to 111, the Directors may only be appointed and removed in accordance with Article 107.

### **Powers of Directors**

- 94 Subject to the provisions of the Companies Acts and these Articles, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made. The powers given by this Article 94 shall not be limited by any special power given to the Directors by these Articles and a meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.
- 95 Without prejudice to the generality of Article 94 the Directors may exercise all the powers of the Company to borrow money, and to mortgage or charge the whole or any part of its undertaking, property and assets (both present and future) and uncalled capital and (subject, to the extent applicable, to the provisions of the Companies Acts) to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.
- 96 The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine.

### **Regulations**

- 97 The Directors shall have the power from time to time to make, repeal or alter regulations as to the management of the Company and its affairs, as to the duties of any officers or employees of the Company, as to the conduct of business by the Directors or any committee and as to any of the matters or things within the powers or under the control of the Directors provided that such regulations shall not be inconsistent with these Articles.

### **Delegation of Directors' powers**

- 98 Subject to these Articles (including Article 97), the Directors may delegate any of their powers or functions or the implementation of any of their resolutions to any committee.
- 99 Subject to these Articles, the Directors may delegate the implementation of their decisions or day to day management of the affairs of the Company to any person or committee. For the avoidance of doubt, no Director shall be entitled to delegate his or her right to participate in any decision-making process of the Directors under these Articles.
- 100 Any delegation by the Directors may be:
- 100.1 by such means;
- 100.2 to such an extent;
- 100.3 in relation to such matters; and
- 100.4 on such terms and conditions,

as they think fit.

- 101 The Directors may authorise further delegation of the relevant powers, functions, implementation of decisions or day to day management by any person or committee to whom they are delegated.
- 102 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

### **Committees**

- 103 In the case of delegation to committees:
  - 103.1 the resolution making that delegation shall specify those who shall serve or be asked to serve on such committee (though the resolution may allow the committee to co-opt further committee members);
  - 103.2 subject to the foregoing the composition of any such committee shall be in the discretion of the Directors and may comprise such of their number (if any) as the resolution may specify;
  - 103.3 the chairman of any such committee shall not be a co-opted committee member;
  - 103.4 the deliberations of any such committee shall be reported regularly to the Directors and any resolution passed or decision taken by any such committee shall be reported forthwith to the Directors and for that purpose every committee shall appoint a secretary;
  - 103.5 all delegations under this Article 103 shall be revocable at any time; and
  - 103.6 the Directors may make such regulations and impose such terms and conditions and give such mandates to any such committee or committees as they may from time to time think fit.
- 104 For the avoidance of doubt, the Directors may (in accordance with Article 103) delegate all financial matters to any committee constituted in accordance with Article 103 provided always that no committee shall incur expenditure on behalf of the Company except in accordance with a budget which has been approved by the Directors.
- 105 The meetings and proceedings of any committee shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Directors so far as the same are applicable and are not superseded by any regulations made by the Directors.
- 106 For the avoidance of doubt, co-opted committee members may vote on resolutions of the committee and be counted in the quorum at committee meetings.

### **Appointment of Directors**

- 107 The following provisions shall apply to the appointment and removal of all Directors:
  - 107.1 The Directors shall be appointed, and may be removed, by the passing of an ordinary resolution of the holders of the ordinary shares and B preference shares (if any) at a general meeting of the holders of such shares.
  - 107.2 No person may be appointed as a Director pursuant to this Article if the limitation in Article 93.1 would thereby be exceeded.
- 108 At every annual general meeting all the directors at the date of the notice convening the annual general meeting shall retire from office.

- 109 Unless the members resolve otherwise, no Director however appointed may hold office for a period in excess of nine years, whether that period is consecutive or discontinuous.
- 110 No person may be appointed as a Director:
- 110.1 unless he or she has attained the age of 18 years; or
- 110.2 in circumstances such that, had he or she already been a Director, he or she would have been disqualified from acting under the provisions of Article 111; or
- 110.3 unless he or she has obtained from the PRA (or any successors) any authorisation or approval necessary under the Financial Services and Markets Act 2000 (or any statutory re-enactment or modification of that Act) for him or her to act in such a capacity.

### **Disqualification and removal of Directors**

- 111 The office of a Director shall be vacated if:-
- 111.1 he or she ceases to be a Director by virtue of any provision of the Companies Acts or he or she becomes prohibited by law from being a Director;
- 111.2 he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally;
- 111.3 the Directors reasonably believe he or she has become physically or mentally incapable of managing his or her own affairs and they resolve that he or she be removed from office;
- 111.4 notification is received by the Company from him or her that he or she is resigning from office, and such resignation has taken effect in accordance with its terms (but only if at least three Directors will remain in office when such resignation has taken effect);
- 111.5 he or she has been absent for more than six consecutive months without permission of the Directors from meetings of the Directors held during that period and the Directors resolve that his office be vacated;
- 111.6 he or she has failed to attend three consecutive Board meetings in any 12 month period, excluding any Emergency Board Meetings convened in circumstances where the continued existence of the Company is threatened;
- 111.7 he or she receives notice signed by not less than three quarters of the other Directors stating that he or she should cease to be a Director;
- 111.8 he or she is removed from office or his or her term of appointment expires under these Articles; or
- 111.9 any authorisation or approval granted to him or her under the Financial Services and Markets Act 2000 (or any statutory re-enactment or modification of that Act) is withdrawn by the PRA (or any successor).

### **Non-executive Directors' remuneration**

- 112 Non-executive Directors may undertake any services for the Company that the Directors decide.
- 113 Non-executive Directors are entitled to such remuneration as the members by resolution may determine:

- 113.1 for their services to the Company as Non-executive Directors; and
- 113.2 for any other service which they undertake for the Company.
- 114 Subject to these Articles, a Non-executive Director's remuneration may:
- 114.1 take any form; and
- 114.2 include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Non-executive Director.
- 115 Unless the members resolve otherwise, Non-executive Directors' remuneration accrues from day to day.
- 116 Unless the members resolve otherwise, Non-executive Directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's Subsidiaries or of any other body corporate in which the Company is interested.
- 117 **Executive Directors' remuneration**
- 118 Executive Directors may undertake any services for the Company that the Directors decide.
- 119 Executive Directors are entitled to such remuneration as set out in their service contracts.

#### **Directors' expenses**

- 120 The Directors may be paid all reasonable expenses properly incurred by them in connection with their attendance at meetings of Directors or committees of Directors or general meetings or separate meetings of the holders of classes of shares or of debentures of the Company or otherwise in connection with the discharge of their duties and responsibilities in relation to the Company.

#### **Proceedings of Directors**

- 121 Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.
- 122 Two Directors may, and the Secretary at the request of two Directors shall, call a meeting of the Directors. Notice of every meeting of the Directors stating the general particulars of all business to be considered at such meeting shall be sent to each Director at least seven Clear Days before such meeting unless urgent circumstances require shorter notice, but the proceedings of any meeting shall not be invalidated by any irregularity in respect of such notice or by reason of any business being considered which is not specified in such general particulars.
- 123 Resolutions of the Directors shall require a majority of votes cast. Each Director shall have one vote. In the case of an equality of votes, the chairman shall have a second or casting vote.
- 124 The quorum for the transaction of the business of the Directors may be fixed by the Directors and, except for an Emergency Board Meeting and unless so fixed at any other number, shall be three Directors and of that number at least one shall be a Connected Director nominated

by BSC for appointment (so long as BSC is entitled to appoint a Connected Director and provided always that the meeting comprises a majority of Unconnected Directors).

- 125 The quorum for a Board meeting in circumstances where the continued existence of the Company is threatened (an **"Emergency Board Meeting"**) shall be three Directors, the majority of whom shall be Unconnected Directors. The Company shall use all reasonable efforts to contact the Directors with as much notice as is practicable prior to the holding of an Emergency Board Meeting, commensurate with the importance of that meeting.
- 126 The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number but, if and so long as the number of Directors is less than the number fixed as a quorum or the minimum required to comply with Article 93 the Directors may act for the purpose of summoning a general meeting of the Company or a meeting of any class of shares of the Company but for no other purpose.
- 127 The Directors may appoint one of their number to be the chairman of the Directors and may at any time remove him or her from that office. Unless he or she is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he or she is present. If there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Directors present may appoint one of their number to be chairman of the meeting.
- 128 All acts done by a meeting of Directors, or of a committee of Directors, or by a person acting as a Director shall, even if afterwards it be discovered that there was a defect in the appointment of any Director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 129 A meeting of the Directors may be held either in person, by telephone, video conference or by such other suitable means agreed between the Directors in which all participants may communicate simultaneously with all other participants and the following provisions shall apply in respect of such meetings:
  - 129.1 For the avoidance of doubt, in the case of a meeting of Directors held where communication can take place through Electronic Means the meeting shall be quorate upon at least three Directors being connected to a prescribed electronic site or by prescribed Electronic Means and shall remain quorate until less than such number and type of Director remain connected to the prescribed electronic site or by Electronic Means notwithstanding that any other Directors who intended to be so connected by the prescribed Electronic Means have not been so connected.
  - 129.2 The Directors may from time to time prescribe rules determining when a Director is deemed to be connected to, and disconnected from, a prescribed electronic site or by Electronic Means at which a meeting of the Directors is being held.
  - 129.3 In the case of a meeting of Directors held where communication takes place simultaneously through Electronic Means the Directors shall appoint someone (whether or not a Director) whose responsibility it shall be to record and circulate the minutes of the meeting to all those who participated in the meeting within 7 days of the meeting taking place.
  - 129.4 In the case of a meeting of Directors held where communication takes place simultaneously through Electronic Means, no sooner than ten days after the minutes have been despatched

the chairman of the meeting in question shall confirm them by signing a copy. The signed minutes shall be deemed to be the agreed record of the business transacted.

- 130 Any dispute as to the content of the minutes must be referred for determination to the Director who was chairman at the meeting in question within 14 days of the circulation of the minutes. The chairman's decision as to the final form of the minutes shall be final.

#### **Unanimous decisions without a meeting**

- 131 A decision is taken in accordance with this Article 131 when all of the Directors indicate to each other by any means (including without limitation by Electronic Means) that they share a common view on a matter. The Directors cannot rely on this Article to make a decision if one or more of the Directors has a conflict of interest which, under Articles 134 to 136, results in such Director(s) not being entitled to vote.
- 132 A decision under Article 131 may, but need not, take the form of a resolution in Writing, a copy of which has been signed by each Director or to which each Director has otherwise indicated agreement in Writing.

### **Director interests and management of conflicts of interest**

#### **Directors' Interests**

- 133 A Director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Directors in accordance with the provisions of the Companies Acts applicable thereto.

#### **Conflicts of interest**

- 134 Subject to Article 135 if a Directors' meeting, or part of a Directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.
- 135 If Article 136 applies, a Director who is interested in an actual or proposed transaction or arrangement with the Company is to be counted as participating in a decision at a Directors' meeting, or part of a Directors' meeting, relating to it for quorum and voting purposes.
- 136 This Article 136 applies when:
- 136.1 the Company by ordinary resolution disapplies the provision of these Articles which would otherwise prevent a Director from being counted as participating in, or voting at, a Directors' meeting;
- 136.2 the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- 136.3 the Director's conflict of interest arises from a Permitted Cause.
- 137 For the purposes of Article 136.3, the following are permitted causes (the "**Permitted Causes**"):
- 137.1 a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the Company or any of its Subsidiaries;

- 137.2 subscription, or an agreement to subscribe, for shares or other securities of the Company or any of its Subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and
- 137.3 arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the Company or any of its Subsidiaries which do not provide special benefits for Directors or former Directors.
- 138 Subject to Article 139, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting whose ruling in relation to any Director other than the chairman is to be final and conclusive.
- 139 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman of the meeting, the question is to be decided by a decision of the Directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 140 Where a Director has a conflict of interests or conflict of duties and the Director has complied with his or her obligations under these Articles in respect of that conflict, the Director shall not be in breach of his or her duties to the Company by withholding confidential information from the Company if to disclose it would result in a breach of any other duty or obligation of confidence owed by him or her.

### **Dividends**

- 141 Subject to the provisions of the Companies Acts, the Company may by ordinary resolution declare dividends in accordance with the rights of members, provided that:
- 141.1 no dividend shall be declared on the ordinary shares and B preference shares unless the Directors have made a recommendation as to its amount and such a dividend must not exceed the amount recommended by the Directors; and
- 141.2 no dividend shall be paid in respect of any C preference share.
- 142 No dividend or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share and approved by the Directors.
- 143 Unless the members' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each member's holding of shares on the date of the resolution or decision to declare or pay it.
- 144 Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).
- 145 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including without limitation, where any difficulty arises regarding the distribution:
- 145.1 fixing the value of any assets;



- 145.2 paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- 145.3 vesting any assets in trustees.
- 146 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment and may also from time to time pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.
- 147 If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 148 If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

### **Capitalisation of profits**

- 149 Subject to these Articles, the directors may, if they are so authorised by an ordinary resolution:
- 149.1 subject as hereinafter provided, resolve to capitalise any undistributed profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of any reserve or other fund, including without limitation the Company's share premium account or capital redemption reserve, if any;
- 149.2 appropriate the sum resolved to be capitalised to the shareholders who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full, shares or debentures or other obligations of the Company of a nominal amount equal to that sum, and allot the shares or debentures or other obligations of the Company of a nominal amount equal to that sum, and allot the shares or debentures or other obligations credited as fully paid to those shareholders, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium amount, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this Article, only be applied in paying up shares to be allotted to shareholders credited as fully paid;
- 149.3 make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures or other obligations becoming distributable under this Article in fractions; and
- 149.4 authorise any person to enter on behalf of all the shareholders concerned into an agreement with the Company providing for (i) the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, or (ii) the payment by the Company on behalf of the members of the amounts, or any part of the amounts, remaining unpaid on their existing shares by the application of their respective proportions of the sum resolved to be capitalised, and any agreement made under such authority being binding on all such shareholders.

## **General**

### **Secretary**

- 150 Subject to the provisions of the Companies Acts, a Secretary or joint Secretaries may be appointed by the Directors for such term at such remuneration and upon such conditions as they may think fit and may be removed by them. If there is no Secretary:
- 150.1 anything authorised or required to be given or sent to, or served on, the Company by being sent to its Secretary may be given or sent to, or served on, the Company itself, and if addressed to the Secretary shall be treated as addressed to the Company; and
- 150.2 anything else required or authorised to be done by or to the Secretary of the Company may be done by or to a Director, or a person authorised generally or specifically in that behalf by the Directors.

### **Minutes**

- 151 The Directors shall cause minutes to be made in books kept for the purpose:
- 151.1 of all appointments of officers made by the Directors; and
- 151.2 of all proceedings at meetings of the Company and of the Directors, and of committees of Directors, including the names of the Directors present at each such meeting;
- 151.3 and any such minute, if purported to be signed by the chairman of the meeting at which the proceedings were had, or by the chairman of the next succeeding meeting, shall, as against any member or Director of the Company, be sufficient evidence of the proceedings.

### **Accounts and Reports**

- 152 The Company may in general meeting impose reasonable restrictions as to the time at which and the manner in which the statutory books and accounting records of the Company may be inspected by the members but subject thereto the statutory books and accounting records shall be open to inspection by the members during usual business hours.
- 153 The Directors shall comply with the requirements of the Companies Acts and the Financial Services and Markets Act 2000 (or any statutory re-enactment or modification of those Acts) as to keeping financial records, the audit or examinations of accounts and the preparation and transmission to the Registrar of Companies of:
- 153.1 annual reports;
- 153.2 annual returns; and
- 153.3 annual statements of account.

### **Methods of communication**

- 154 Subject to these Articles and the Companies Acts, any Document or information (including any notice) sent or supplied by the Company under these Articles or the Companies Acts may be sent or supplied in any way in which the Companies Act 2006 provides for Documents or information which are authorised or required by any provision of that Act to be sent or supplied by the Company, including without limitation:

154.1 in Hard Copy Form;

154.2 in Electronic Form; or

154.3 by making it available on a website.

155 A Document or information may only be sent or supplied in Electronic Form or by making it available on a website if the recipient has agreed that it may be sent or supplied in that form or manner or is deemed to have so agreed under the Companies Acts (and has not revoked that agreement).

156 Subject to these Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means which that Director has asked to be sent or supplied with such notices or Documents for the time being.

#### **Deemed delivery**

157 A member present in person or by proxy or via their authorised representative if a Corporate Member at a meeting of the Company shall be deemed to have received notice of the meeting and the purposes for which it was called.

158 Where any Document or information is sent or supplied by the Company to the members:

158.1 where it is sent by post it is deemed to have been received 48 hours (including Saturdays, Sundays, and Public Holidays) after it was posted;

158.2 where it is sent or supplied by Electronic Means, it is deemed to have been received on the same day that it was sent;

158.3 where it is sent or supplied by means of a website, it is deemed to have been received:

158.3.1 when the material was first made available on the website; or

158.3.2 if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

159 Subject to the Companies Acts, a Director or any other person may agree with the Company that notices or Documents sent to that person in a particular way are deemed to have been received within a specified time, and for the specified time to be less than 48 hours.

#### **Failed delivery**

160 Where any Document or information has been sent or supplied by the Company by Electronic Means and the Company receives notice that the message is undeliverable:

160.1 if the Document or information has been sent to a member or Director and is notice of a general meeting of the Company, the Company is under no obligation to send a Hard Copy of the Document or information to the member's or Director's postal address as shown in the Company's register of members or Directors, but may in its discretion choose to do so;

160.2 in all other cases, the Company shall send a Hard Copy of the Document or information to the member's postal address as shown in the Company's register of members (if any), or in the case of a recipient who is not a member, to the last known postal address for that person (if any); and

- 160.3 the date of service or delivery of the Documents or information shall be the date on which the original electronic communication was sent, notwithstanding the subsequent sending of Hard Copies.

### **Exceptions**

- 161 Copies of the Company's annual accounts and reports need not be sent to a person for whom the Company does not have a current Address.
- 162 Notices of general meetings need not be sent to a member who does not register an Address with the Company, or who registers only a postal address outside the United Kingdom, or to a member for whom the Company does not have a current Address.

### **Communications to the Company**

- 163 The provisions of the Companies Acts shall apply to communications to the Company.

## **Indemnity, winding-up and dissolution**

### **Indemnity**

- 164 To the extent permitted by the Companies Acts:
- 164.1 without prejudice to any indemnity to which a Director may otherwise be entitled, every Director of the Company shall be indemnified out of the assets of the Company in relation to any liability incurred by him or her in that capacity; and
- 164.2 every other officer of the Company may be indemnified out of the assets of the Company in relation to any liability incurred by him or her in that capacity.

### **Directors' Indemnity Insurance**

- 165 The Directors shall have power to resolve to effect Directors' indemnity insurance, despite their interest in such policy.

### **Winding-up**

- 166 If any property remains after the Company has been wound up or dissolved and all debts and liabilities have been satisfied (including repayment of the capital paid on shares in the Company in accordance with the respective rights of the holders under these Articles), it shall be distributed *pari passu* amongst the holders of ordinary shares of the Company.

## **Schedule 1**

### **Interpretation**

**1** In these Articles the following terms shall have the following meanings:-

<b>Term</b>	<b>Meaning</b>
<b>"Address"</b>	<i>Includes a number or address used for the purposes of sending or receiving Documents by Electronic Means.</i>
<b>"Articles"</b>	<i>These Articles of Association of the Company.</i>
<b>"B preference shares"</b>	<i>Non-cumulative 'B' preference shares of £0.50 each.</i>
<b>"Board of Directors"</b>	<i>The Company's board of directors or any duly appointed committee of it.</i>
<b>"BSC"</b>	<i>Big Society Capital Limited, a company incorporated under the laws England and Wales whose registered office is at 5<sup>th</sup> Floor Chronicle House, 72-78 Fleet Street, London EC4Y 1HY.</i>
<b>"Business Day"</b>	<i>A day (excluding Saturdays and Sundays) on which banks are generally open in London for the transaction of normal banking business.</i>
<b>"C preference shares"</b>	<i>'C' preference shares of £0.50 each.</i>
<b>"CAF"</b>	<i>CAF Nominees Limited, the nominee company of the Charities Aid Foundation, a charity registered with the Charity Commission (under number 269368) having its principal place of business at 25 Kings Hill Avenue, Kings Hill, West Malling, Kent, ME19 4TA.</i>
<b>"chairman"</b>	<i>Means the chairman of the Board of Directors from time to time.</i>

<b>Term</b>	<b>Meaning</b>
<b>"Clear Days"</b>	In relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect.
<b>"Company"</b>	The Charity Bank Limited.
<b>"Companies Acts"</b>	The Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Company.
<b>"Connected Director"</b>	A Director nominated to the Board of Directors by a shareholder.
<b>"Corporate Member"</b>	Has the meaning given in Article 19.
<b>"Director(s)"</b>	The director(s) of the Company as defined in the Companies Acts.
<b>"Document"</b>	Includes summons, notice, order or other legal process and registers and includes, unless otherwise specified, any document sent or supplied in Electronic Form.
<b>"Electronic Form" and "Electronic Means"</b>	Have the meanings respectively ascribed to them in the section 1168 of the Companies Act 2006.
<b>"Emergency Board Meeting"</b>	Has the meaning given in Article 125.
<b>"Excess Shares"</b>	Has the meaning given in Article 46.3.
<b>"Executive Directors"</b>	The executive directors of the Company appointed to the Board of Directors from time to time.

<b>Term</b>	<b>Meaning</b>
<b>“Financial Expert”</b>	An individual, company or firm who is authorised to give investment advice under the Financial Services and Markets Act 2000.
<b>“Financial Year”</b>	The financial period of the Company, commencing on 1 January and ending on 31 December.
<b>“Hard Copy” and “Hard Copy Form”</b>	Have the meanings respectively ascribed to them in section 1168 of the Companies Act 2006.
<b>“holder”, “member” and “shareholder”</b>	In relation to any shares, the person whose name is entered in the register of members as the holder of the shares.
<b>“Loan Notes”</b>	The subordinated loan notes issued by the Company.
<b>“New Shareholder”</b>	Has the meaning given in Article 21.
<b>“Non-executive Directors”</b>	The non-executive directors of the Company appointed to the Board of Directors from time to time.
<b>“Notice”</b>	Has the meaning given in Article 46.2.
<b>“Office”</b>	The registered office of the Company.
<b>“ordinary shares”</b>	Ordinary shares of £0.50 each.
<b>“paid”</b>	In relation to any share, means paid or credited as paid.
<b>“Permitted Cause”</b>	Has the meaning given in Article 137.

<b>Term</b>	<b>Meaning</b>
<b>"PRA"</b>	Means the Prudential Regulation Authority.
<b>"Proxy Notice"</b>	Has the meaning given in Article 77.
<b>"Procedural Resolution"</b>	Means a resolution at a general meeting which in the opinion of the chairman is of a procedural nature (including a resolution on the choice of a chairman of the meeting, a resolution to adjourn the meeting or a resolution to correct an obvious error in a Substantive Resolution).
<b>"Proxy Notification Address"</b>	Has the meaning given in Article 82.
<b>"Public Holiday"</b>	Means Christmas Day, Good Friday, and any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom where the Company is registered.
<b>"Remaining Shareholders"</b>	Has the meaning given in Article 46.6.
<b>"seal"</b>	The common seal of the Company.
<b>"Secretary"</b>	The Secretary of the Company (if any) or other person appointed to perform the duties of the Secretary of the Company, including a joint, assistant or deputy Secretary.
<b>"Substantive Resolution"</b>	Means any resolution at a general meeting, other than a Procedural Resolution.
<b>"shares"</b>	Any shares for the time being in the capital of the Company.



<b>Term</b>	<b>Meaning</b>
<b>"Subsidiary"</b>	Has the meaning given to the term in section 1159 of the Companies Act 2006.
<b>"Unconnected Director"</b>	Any Director other than a Connected Director.
<b>"Writing"</b>	The representation or reproduction of words symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.
<b>2</b>	Subject to paragraph 3 of this Schedule, any reference in these Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.
<b>3</b>	Unless the context otherwise requires, words or expressions contained in these Articles which are not defined in paragraph 1 above bear the same meaning as in the Companies Act 2006 as in force on the date when these Articles became binding on the Company.