BASE PROSPECTUS **DATED 18 MARCH 2022**

Santander UK plc

(*incorporated under the laws of England and Wales*)

Structured Note and Certificate Programme

What types of securities does this document relate to?

Santander UK plc ("**Santander UK**" and the "**Issuer**") may from time to time issue notes (the "**Notes**") and redeemable certificates (the "**Certificates**" and, together with the Notes, the "N&C Securities"), denominated in any currency as agreed between the Issuer and the relevant Dealer (as defined below) under this Structured Note and Certificate Programme (the "**Programme**"). The N&C Securities may pay interest linked to an equity index or a basket of equity indices, an inflation index or a basket of inflation indices, or any combination of these reference items. On maturity, the N&C Securities will pay a redemption amount that is linked to the change in value of a specified preference share. The value of the specified preference share may fluctuate up or down depending on the performance of one or more specified reference item(s).

Who has approved this document?

This base prospectus (the "**Base Prospectus**") has been approved by the Financial Conduct Authority (the "**FCA**") as competent authority under Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**") (the "**UK Prospectus Regulation**"). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or of the quality of the N&C Securities that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the N&C Securities.

In respect of which N&C Securities has this document been approved?

This Base Prospectus comprises a base prospectus in respect of all N&C Securities other than Exempt N&C Securities issued under the Programme for the purposes of Article 8 of the UK Prospectus Regulation.

The requirement to publish a prospectus under the Financial Services and Markets Act 2000 ("**FSMA**") only applies to N&C Securities that are to be admitted to trading on a UK regulated market as defined in Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**") and/or offered to the public in the UK other than in circumstances where an exemption is available under section 86 of the FSMA.

The Issuer may issue N&C Securities for which no prospectus is required to be published under FSMA or the UK Prospectus Regulation ("**Exempt N&C Securities**") under the Programme Memorandum contained herein on pages 219 to 250. **The FCA has neither approved nor reviewed information in the Programme Memorandum in connection with Exempt N&C Securities.**

Where may the N&C Securities issued under the Base Prospectus be listed?

Application has been made to the FCA for N&C Securities which are not Exempt N&C Securities ("**Non-Exempt N&C Securities**") issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the "**Official List**") and to the London Stock Exchange plc (the "**London Stock Exchange**") for such N&C Securities to be admitted to trading on the London Stock Exchange's main market.

References in this Base Prospectus to N&C Securities being "**listed**" (and all related references) shall mean that such N&C Securities have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. The London Stock Exchange's main market is a UK regulated market for the purposes of UK MiFIR.

For how long is this Base Prospectus valid?

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to N&C Securities which are to be admitted to trading on a regulated market in the UK and/or offered to the public in the UK other than in circumstances where an exemption is available under Section 86 of the FSMA. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

What information is contained in the Base Prospectus?

The Base Prospectus contains the necessary information which is material to investors for making an informed assessment of (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer, (ii) the rights attaching to the N&C Securities, and (iii) the reasons for the issuance and its impact on the Issuer. Some of this information is incorporated by reference from other publicly available documents and some of this information is completed in the applicable issue-specific Issue Terms (as described in the sub-section immediately below). The Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"), and to form part hereof, as well as the Issue Terms in respect of the relevant N&C Securities.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the FCA.

The language of this Base Prospectus is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Base Prospectus.

What are the terms of the N&C Securities?

The contractual terms of any particular issuance of N&C Securities will be composed of the "General Terms and Conditions of the N&C Securities" set out in this document, together with the applicable Annex(es) relating to certain interest payouts, Equity Index Linked Interest N&C Securities or Inflation Index Linked Interest N&C Securities (all as set out in this document), as completed by the terms set out in a final terms document, substantially in the form set out in this Base Prospectus and specific to that issuance of N&C Securities ("**Final Terms**"), or in respect of Exempt N&C Securities, as completed (and, if applicable, amended) by the terms set out in a pricing supplement document, substantially in the form set out in the Programme Memorandum and specific to that issuance of Exempt N&C Securities ("**Pricing Supplement**"), which are together referred to as the "**Conditions**".

Any reference in this Base Prospectus to "**Issue Terms**" means either (i) in respect of Non-Exempt N&C Securities, the applicable Final Terms or (ii) in respect of N&C Securities that are Exempt N&C Securities, the applicable Pricing Supplement, and should be construed accordingly.

What information is contained in the Issue Terms?

In the case of Non-Exempt N&C Securities, notice of the aggregate nominal amount or issue size of N&C Securities, interest (if any) payable in respect of N&C Securities, where applicable, the issue price of N&C Securities, details of the relevant preference shares by which amounts payable on redemption of the N&C Securities will be determined and certain other information which is applicable to each Tranche (as defined in the Conditions) of N&C Securities will be set out in the applicable Final Terms which will be delivered to (when publicly offered or listed on a regulated market in the UK) the FCA and, where listed, the London Stock Exchange. Copies of Final Terms in relation to N&C Securities to be listed on the London Stock Exchange will be published on the website of the London Stock Exchange through a regulatory information service.

In the case of Exempt N&C Securities, notice of the aggregate nominal amount of the Exempt N&C Securities, interest (if any) payable in respect of the Exempt N&C Securities, the issue price of the Exempt N&C Securities and certain other information which is applicable to each Tranche will be set out in a Pricing Supplement.

What should I know before making an investment decision?

Prospective investors should consider carefully the risks set forth in this document under "Risk Factors" prior to making an investment decision with respect to the N&C Securities. If prospective investors are in any doubt about the risks or suitability of a particular N&C Security, they should seek professional advice.

Dealer

Santander UK plc

IMPORTANT LEGAL INFORMATION

Further Information regarding the Base Prospectus

Any N&C Securities issued under the Programme by the completion of the Final Terms or Pricing Supplement, as applicable, on or after the date of this Base Prospectus are issued subject to the provisions hereof. This Base Prospectus does not affect any securities already in issue under any other programme of the Issuer, prior to the date of this Base Prospectus.

Responsibility Statement

The Issuer accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Issuer, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus does not omit anything likely to affect the import of such information.

Information sourced from third parties

The applicable Issue Terms will (if applicable) specify the nature of the responsibility taken by the Issuer for the information relating to the underlying asset, index or other asset or basis of reference to which the relevant N&C Securities relate and which is contained in such Issue Terms.

The Dealers and the contents of this Base Prospectus

The N&C Securities may be issued on a continuing basis to the Dealer specified below and any additional Dealer appointed under the Programme from time to time (the "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of N&C Securities being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such N&C Securities.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

No person is or has been authorised by the Issuer or any Dealer to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other information supplied in connection with the Programme or the N&C Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any of the Dealers.

Independent Investigation

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any N&C Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any N&C Securities should purchase any N&C Securities. Each investor contemplating purchasing any N&C Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any N&C Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any N&C Securities. Furthermore, neither this Base Prospectus, nor any other information supplied in connection with the Programme or any N&C Securities is, nor does it purport to be, investment advice. Unless expressly agreed otherwise with a particular investor, neither the Issuer nor any Dealer is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in N&C Securities.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any N&C Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any

time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the N&C Securities of any information coming to their attention. Investors should review, *inter alia*, the most recently published documents incorporated by reference in this Base Prospectus (including any documents incorporated by reference pursuant to any supplements hereto) when deciding whether or not to purchase any N&C Securities.

Credit Ratings

N&C Securities issued under the Programme may be rated or unrated. Where a Tranche of N&C Securities is rated such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt N&C Securities).

As at the date of this Base Prospectus, the long-term obligations of Santander UK are rated A by S&P, A1 by Moody's and A+ by Fitch, and the short-term obligations of Santander UK are rated A-1 by S&P, P-1 by Moody's and F1 by Fitch.

Each of S&P Global Ratings UK Limited ("**S&P**"), Moody's Investors Service Ltd ("**Moody's**") and Fitch Ratings Ltd ("**Fitch**") are established in the United Kingdom and are registered under Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**UK CRA Regulation**").

S&P is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). The Issuer rating issued by S&P has been endorsed by S&P Global Ratings Europe Limited in accordance with the CRA Regulation. S&P Global Ratings Europe Limited is established in the European Union and registered under the CRA Regulation.

Moody's is not established in the European Union and has not applied for registration under the CRA Regulation. The Issuer rating issued by Moody's has been endorsed by Moody's Deutschland GmbH in accordance with the CRA Regulation. Moody's Deutschland GmbH is established in the European Union and registered under the CRA Regulation.

Fitch is not established in the European Union and has not applied for registration under the CRA Regulation. The Issuer rating issued by Fitch has been endorsed by Fitch Ratings Ireland Limited in accordance with the CRA Regulation. Fitch Ratings Ireland Limited is established in the European Union and registered under the CRA Regulation.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Subscription and sales and transfer restrictions in the United States

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Base Prospectus does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act. See "*Subscription and Sale*" below.

The N&C Securities that are debt for U.S. federal income tax purposes 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 or for the account or benefit of U.S. Persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the "**Code**") and the U.S. Treasury regulations promulgated thereunder.

The N&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws and N&C Securities are subject to certain United States tax law requirements.

The N&C Securities, or interests therein, may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States (including any state of the United States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction (the "**United States**") or directly or indirectly offered, sold, resold, traded, pledged,

redeemed, transferred or delivered to, or for the account or benefit of, any person who is (i) a "U.S. person" as defined in Regulation S under the Securities Act ("**Regulation S**"), (ii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") (including but not limited to a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA and a person other than a "Non-United States person" as defined in CFTC Rule 4.7(a)(1)(iv) excluding for the purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not "Non-United States persons"), or (iii) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**").

The N&C Securities do not constitute and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the CEA, and trading in the N&C Securities has not been approved by the CFTC pursuant to the CEA.

Important information relating to the use of this Base Prospectus and offers of N&C Securities generally

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any N&C Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of N&C Securities may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any N&C Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering, or that all actions have been taken by the Issuer or the Dealers which would permit a public offering of any N&C Securities or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. In particular, unless specifically indicated to the contrary in the applicable Issue Terms, no action has been taken by the Issuer or the Dealers which would permit a public offering of any N&C Securities or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no N&C Securities may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any N&C Securities may come must inform themselves about, and observe any such restrictions on the distribution of this Base Prospectus and the offering and sale of N&C Securities. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of N&C Securities in the United States, the United Kingdom ("**UK**") and the European Economic Area ("**EEA**"), see "*Subscription and Sale*".

Investment Considerations

The N&C Securities may not be suitable for all investors.

Each potential investor in the N&C Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the N&C Securities, the merits and risks of investing in the N&C Securities and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the N&C Securities and the impact the N&C Securities will have on its overall investment portfolio;
- has sufficient financial resources and liquidity to bear all of the risks of an investment in the N&C Securities, including N&C Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understands thoroughly the terms of the N&C Securities and is familiar with the behaviour of any relevant indices and financial markets; and

- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An investment in N&C Securities (including N&C Securities which are Equity Index Linked Interest N&C Securities or Inflation Index Linked Interest N&C Securities) may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks associated with N&C Securities where interest amounts are linked to one or more Reference Item(s)*" and "*Risks associated with N&C linked to Preference Shares*" below.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the N&C Securities being offered, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its respective affiliates.

Neither the Dealers nor the Issuer makes any representation to any investor in the N&C Securities regarding the legality of its investment under any applicable laws. Any investor in the N&C Securities should satisfy itself that it is able to bear the economic risk of an investment in the N&C Securities for an indefinite period of time.

Purchasers of such N&C Securities are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such N&C Securities and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of N&C Securities are solely responsible for making their own independent appraisal of an investigation into the business, financial condition, prospects, creditworthiness, status and affairs of the issuer of the Preference Shares, the relevant Preference Shares (including the relevant underlying reference item(s) for the Preference Shares), the information relating to any Reference Item(s) relevant for the determination of interest and the level or fluctuation of the relevant Preference Shares for the purposes of determining amounts payable at redemption or of any Reference Item(s) relevant for the determination of interest.

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any N&C Securities (or Pricing Supplement, in the case of Exempt N&C Securities) includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, save in relation to any jurisdiction(s) or period(s) for which the "*Prohibition of Sales to EEA Retail Investors*" is specified to be not applicable in the relevant Final Terms (or Pricing Supplement, in the case of Exempt N&C Securities), no key information document is required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any N&C Securities (or Pricing Supplement, in the case of Exempt N&C Securities) includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of:

- a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or

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

- not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

Consequently, save in relation to any jurisdiction(s) or period(s) for which the "*Prohibition of Sales to UK Retail Investors*" is specified to be not applicable in the relevant Final Terms (or Pricing Supplement, in the case of Exempt N&C Securities), no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II Product Governance / Target Market – The Final Terms in respect of any N&C Securities (or Pricing Supplement, in the case of Exempt N&C Securities) may include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the relevant N&C Securities and which channels for distribution of the relevant N&C Securities are appropriate. Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID II Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any N&C Securities is a manufacturer in respect of such N&C Securities, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance / target market – The Final Terms in respect of any N&C Securities (or Pricing Supplement, in the case of Exempt N&C Securities) may include a legend entitled "*UK MiFIR product governance*" which will outline the target market assessment in respect of the N&C Securities and which channels for distribution of the N&C Securities are appropriate. Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any N&C Securities is a manufacturer in respect of such N&C Securities, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

Securities with offer periods continuing beyond the validity of the March 2021 Base Prospectus

The Offer Period (as defined in the relevant Final Terms) of the March 2021 Base Prospectus N&C Securities (as defined below) extends beyond the validity of the March 2021 Base Prospectus (as defined in the section of this Base Prospectus entitled "*Documents Incorporated by Reference*"). Following the expiry of the March 2021 Base Prospectus and the approval of this Base Prospectus the offering of the March 2021 Base Prospectus N&C Securities will continue under this Base Prospectus. The terms and conditions of the securities from the March 2021 Base Prospectus (which are incorporated by reference herein) will continue to apply to the March 2021 Base Prospectus N&C Securities. The Final Terms in respect of the March 2021 Base Prospectus N&C Securities are also incorporated by reference herein.

Investors who have already agreed to purchase or subscribe for the March 2021 Base Prospectus N&C Securities during the validity period of the March 2021 Base Prospectus and before this Base

Prospectus was published, shall have a right, exercisable within two working days after the publication hereof ending on 22 March 2022, to withdraw their acceptances, unless the March 2021 Base Prospectus N&C Securities have already been delivered to them. In order to exercise such withdrawal right, investors may contact the relevant Authorised Offeror.

For the purposes hereof, "**March 2021 Base Prospectus N&C Securities**" means the issue of £20,000,000 Preference Share-linked Autocallable Notes due 2028 (ISIN XS2435686337) and the issue of up to £20,000,000 Preference Share-linked Autocallable Notes due 2028 (ISIN XS2435685958).

Benchmarks Regulation

Amounts payable under the N&C Securities may be calculated by reference to one or more "benchmarks" for the purposes of Regulation (EU) No. 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**"). In this case, a statement will be included in the applicable Final Terms or Pricing Supplement, as the case may be, as to whether or not the relevant administrator of the "benchmark" is included in the FCA's register of administrators and benchmarks under Article 36 of the UK Benchmarks Regulation. Not every index will fall within the scope of the UK Benchmarks Regulation. The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

References to Santander entities

In this document, references to:

- "**Santander UK**" and the "**Issuer**" are references to Santander UK plc;
- "**Santander UK Group**" and the "**Group**" are references to Santander UK and its subsidiaries; and
- "**Santander Group**" are references to Banco Santander, S.A. ("**Banco Santander**") and its subsidiaries.

Presentation of financial and other information

The consolidated annual financial statements of Santander UK for the years ended 31 December 2021 and 31 December 2020 were prepared in accordance with the International Financial Reporting Standards ("**IFRS**").

In this Base Prospectus, all references to billions are references to one thousand millions. Due to rounding, the numbers presented throughout this Base Prospectus may not add up precisely, and percentages may not precisely reflect absolute figures.

All references in this document to "**EUR**", "**Euro**", "**euro**" and "**€**" are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended; references to "**USD**", "**U.S. dollars**", "**U.S.$**" and "**$**" are to the currency of the United States of America; and references to "**GBP**", "**Sterling**" and "**£**" are to the currency of the United Kingdom.

In this Base Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provisions as extended, amended or re-enacted.

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In connection with the issue of any Tranche of N&C Securities, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot N&C Securities (provided that, in the case of any Tranche of N&C Securities to be admitted to trading on a regulated market in the UK, the aggregate principal amount of N&C Securities allotted does not exceed 105.00 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the N&C Securities of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of N&C Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of N&C Securities and 60 days after the date of the allotment of the relevant Tranche of N&C Securities. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

RISK FACTORS

Prospective investors should note that the risks relating to the Issuer, its industry and an individual issue of N&C Securities summarised in the summary annexed to the Final Terms for that particular issue of N&C Securities are the risks that the Issuer believes to be the most essential to an assessment by a prospective investor of whether to consider an investment in such N&C Securities. However, as the risks which the Issuer faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the summary annexed to the Final Terms but also, among other things, the risks and uncertainties described below.

An investment in the N&C Securities may involve a high degree of risk. In purchasing N&C Securities, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the N&C Securities. There are a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the N&C Securities. The Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in this Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the N&C Securities.

In addition, factors which are material for the purpose of assessing the market risk associated with N&C Securities issued under the Programme are detailed below. The factors discussed below regarding the risks of acquiring or holding any N&C Securities are not exhaustive, and additional risks and uncertainties that are not presently known to the Issuer or that the Issuer currently believes to be immaterial could also have a material impact on the N&C Securities.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

Words and expressions defined in the "General Terms and Conditions of the N&C Securities" below or elsewhere in this Base Prospectus have the same meanings in this section.

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RISK FACTORS RELATING TO THE ISSUER AND THE GROUP

The risks set out below relating to the Issuer and the Group could have a material adverse effect on the Group's operations, financial condition and prospects. These effects in turn could have an effect on the Issuer's ability to fulfil its obligations under the Conditions of the N&C Securities including its ability to pay any interest or redemption amounts to investors.

1. Geopolitical and Macro-Economic Risks

The Group's operations, financial condition and prospects may be materially impacted by economic conditions in the UK and disruptions in the global economy and global financial markets

The Group's business activities are concentrated in the UK, where it offers a range of banking and financial products and services to UK retail and corporate customers. As a consequence, the Group's operations, financial condition and prospects are significantly affected by the general economic conditions in the UK.

Despite the economic recovery experienced during 2021 as COVID-19 measures were eased, there was a loss of growth momentum towards the end of the year. There is still a risk of an extended period of economic contraction that continues through 2022 as the effects of the COVID-19 pandemic (including the unwind of government support measures), Brexit and inflation continue to affect supply chains and business and household confidence and finances. These risks could create further downward pressure on the economy; for example: a large surge in business failures with knock-on effects for the labour market resulting in high rates of unemployment that affect the ability of customers to pay their debts, which could also contribute to negative multiplier effects through delayed investment and spending; and a stronger push towards protectionism as governments look to protect home industries. This could also lead to a longer-term turn in the credit cycle with a broader contraction of credit as lenders attempt to protect themselves from increased losses which is likely to be exacerbated by the recent emergence of the Omicron variant (or the emergence of future variants, in particular those against which the vaccines are not as effective).

In particular, the Group may face, among others, the following risks in this period of economic uncertainty including the effect of those risks on gross domestic product, inflation and unemployment:

- Reduced demand for the Group's products and services;
- Inability of the Group's borrowers to make payments on their loans in full or on time;
- The degree of uncertainty concerning economic conditions may adversely affect the accuracy of the Group's estimates, which may, in turn, impact the reliability of the International Financial Reporting Standard 9 (the "**IFRS 9**") model and process to determine the sufficiency of the Group's loan loss allowances. The IFRS 9, published by the International Accounting Standards Board, addresses the accounting for financial instruments and came into force on 1 January 2018;
- Lower house or other asset prices reducing the value of collateral the Group holds on mortgage and other lending;
- Higher inflation, reducing the Group's profitability and increasing the cost of living for the Group's borrowers; and
- The value and liquidity of the portfolio of investment securities that the Group holds may be adversely affected.

The Group is also exposed to:

- Broader geopolitical issues, which remain heightened with the potential for a further pushback against globalism. Further moves towards unilateralism may also cause increased tension and/or hostilities between nations, which could negatively impact the global economy and financial markets. In addition, there are currently further geopolitical risks around Russian’s invasion of Ukraine which could impact the UK economy, in particular by pushing up energy and oil prices increasing inflation further;

- Climate change risks which could result in material damage to the Group's customer's property or businesses or have a material impact on the Group's customers' business models under a transition to a low carbon economy; and

- Social unrest as a result of severe economic disruption.

Adverse changes in the credit quality of the Group's borrowers or counterparties or a general deterioration in UK economic conditions could reduce the recoverability and value of the Group's assets and require an increase in its level of provisions for expected credit losses. There can be no assurance that the Group will not have to increase its provisions for loan losses in the future as a result of increases in non-performing loans or for other reasons beyond its control. For example, for 2020, the Group recognised net provisions of £448m relating to the COVID-19 pandemic as described further below under "*Impact of the COVID-19 pandemic on the Group*", although £212m of provisions have since been released, there is no assurance that should the COVID-19 pandemic worsen or as a consequence of other events or circumstances, the Group may have to increase provisions again. Material increases in the Group's provision for loan losses and write-offs or charge-offs have had and could again have a material adverse effect on the Group's operations, financial condition and prospects. Any significant reduction in the demand for the Group's products and services, a sustained downturn in the UK economy, further reduction in central bank interest rates could have a material adverse effect on the Group's operations, financial condition and prospects.

Inflation rose in 2021, partly driven by supply chain disruptions and increasing energy prices. Monetary policy in the UK remains highly accommodative, increasing the risk that more abrupt action by the Monetary Policy Committee will be necessary later if the increase in inflation does not prove transitory. Inflation may be driven by supply chain disruptions and labour shortages, the imposition of further restrictions on movement due to the Covid-19 pandemic and structural changes in the UK economy following Brexit.

Economic instability and downturns beyond the UK may also impact the UK economy as a whole. Disruption and volatility in the global financial markets, for example following Russia’s invasion of Ukraine, could have a material adverse effect on the Group, including the Group's ability to access capital and liquidity on financial terms acceptable to the Group, which could have a material adverse effect on the Group's operations, financial condition and prospects.

A recessionary economic environment could also lead to rating downgrades affecting the UK, the Group or its customers, investments and/or instruments, causing capital impacts due to increased risk-weighted assets, an increase in the volatility of wholesale markets and the cost of funding.

Impact of the COVID-19 pandemic on the Group

The COVID-19 pandemic has caused, and continues to have the potential to cause, social disruption and a material economic downturn in the UK and globally. Macroeconomic expectations are that its effects will be long lasting with the level and speed of economic recovery still uncertain. The COVID-19 pandemic has had a material adverse effect on the Group's operations and income, and could continue to have a material adverse effect on the Group's operations, income, financial condition and prospects depending on a number of factors which remain uncertain at this point (such factors may include further waves of infection, further variants of the COVID-19 virus, the lasting effects of vaccines, the global roll out of vaccination programmes, the percentage of vaccinated population, possible, further lockdowns or other restrictions and the speed and stability of the economic recovery, amongst others). To the extent the COVID-19 pandemic continues to adversely affect the UK or global economy and/or the Group, it may also have the effect of increasing the likelihood and/or magnitude of other risks described herein or may pose other risks which are not presently known to the Group or not currently expected to be significant to the Group's business, operations or financial performance.

In response to the Covid-19 pandemic, the Group deployed working from home capabilities and adapted some of its key processes and working areas, such as branches and call centres, to the working requirements under lockdown. The Group faced operational challenges arising from this deployment, including those presented by the unavailability of personnel and the changes in normal operating procedures, which put pressure on internal controls. The Group has been, and may continue to be, adversely affected by disruptions to its infrastructure, business processes and technology services and increased operational risks due to cyber security threats and fraud. As COVID-19 restrictions have been

eased, working practices are under ongoing review to allow improved controls, better remote working and flexibility, to comply with any COVID-19 minimisation measures on-site, and to be able to provide testing, cater for self-isolating needs and to allow a swift response to any new lockdown measures, while gradually returning to the office, all of which may lead to increased costs or further business disruption.

Like other jurisdictions, the UK government and the Bank of England launched measures to provide financial support to parts of the economy most impacted by the COVID-19 pandemic. The success of these measures (for example, lower interest rates, extensive central bank lending, extension of effective dates for regulatory changes, suspension of winding up petitions and rent arrear demands, business lending schemes, payment holidays and furlough measures) to reactivate the economy and support households and businesses has helped to limit damage to the economy. A significant number of the Group's customers made use of these business lending schemes and payment holidays. However, risks remain around the strength of the recovery of the economy and the impact this could have on businesses affected by supply disruption, trading issues and higher input prices. The end of these measures may have an effect on levels of business insolvencies or unemployment.

The ongoing impact of the COVID-19 pandemic (such as the end of the furlough and lending schemes, higher infection rates through the winter months possibly triggering new lockdowns and/or business closures in the UK or globally) on the Group's retail and corporate customers' income, profitability and prospects could significantly affect their ability to service and repay their loans. The Group's credit impairment charges have consequently increased as the Group's new credit scenarios, and the weights applied to those scenarios, under IFRS 9 reflect a range of potential economic outcomes due to the COVID-19 pandemic. These scenarios capture a range of recovery paths for the UK economy, reflecting the uncertain environment caused by the COVID-19 pandemic, including the impact of the UK government responses. These scenarios have been weighted to the downside to reflect the longer path to recovery for the UK.

The Group transferred £3.1bn corporate Stage 1 loans into Stage 2 lifetime expected credit loss ("**ECL**") and £0.4bn of corporate Stage 2 loans to Stage 3 ECL following contact with customers regarding possible concessions, review of the existing judgement perimeter and categorisation of sectors as "Low, Medium or High Risk" based on the Standard Industrial Classification codes for 31 December 2021 reporting.

The assumptions and economic forecasts used in these scenarios, and the weights applied to them, are reviewed every quarter to ensure they remain in line with the most recent data and reflective of current circumstances and consensus views. As such those assumptions and economic forecasts may require reviewing if the COVID-19 pandemic prolongs or worsens and depending on the effects of phasing out of government support mitigating measures or reinstatement of such measures, as well as any further impacts on the global economy, international markets and in relation to specific business sectors, which may suffer worse losses than others or have a much slower recovery. The impact of the outbreak on the long-term prospects of businesses in some sectors is expected to be material and may lead to significant ECL charges on specific exposures, which may not be fully captured by ECL modelling techniques. Models are, by their nature, imperfect and incomplete representations of reality because they rely on assumptions and inputs, and so they may be subject to errors affecting the accuracy of their outputs and/or misused. This may be exacerbated when dealing with unprecedented scenarios, due to the lack of historical reference points and data. In the case of COVID-19, there are no precedents to model and forecast the effects of the pandemic and the related containment measures and financial support schemes in the medium and long term which has required increased expert judgement.

The UK's withdrawal from the European Union (Brexit) could have a material adverse effect on the Group's operations, financial condition and prospects

On 31 January 2020 the UK ceased to be a member of the European Union ("**EU**"), on withdrawal terms which established a transition period until 31 December 2020, during which the UK continued to be treated as an EU member state and applicable EU legislation continued to be in force (the "**Transition Period**"). A trade deal was agreed between the UK and the EU prior to the end of the Transition Period and new regulations came into force on 1 January 2021.

The trade deal, however, did not include agreements on certain areas such as financial services and data adequacy. As a result, the Group has, and will continue to have, a limited ability to provide crossborder services to EU customers and to trade with EU counterparties. The wider impact of Brexit on financial

markets through market fragmentation, reduced access to finance and funding, and a lack of access to certain financial market infrastructure, may affect the Group's operations, financial condition and prospects and those of its customers.

Uncertainty also remains around the effect of Brexit on the UK's economic recovery from the COVID-19 pandemic, as Brexit has exacerbated global pandemic-related supply and labour market constraints and reduced economic output and exports as businesses attempt to adapt the new crossborder procedures and rules applicable in the UK and in the EU to their activities, products, customers and suppliers.

While the longer term effects of the UK's withdrawal from the EU are difficult to assess, there is ongoing political and economic uncertainty, such as increased friction with the EU and EU countries, the possibility of a second referendum on Scottish independence from the UK and instability in Northern Ireland derived from the UK proposal to replace the current Northern Ireland protocol agreed with the EU, which could negatively affect the Group's customers and counterparties and have a material adverse effect on the Group's operations, financial condition and prospects.

Santander UK faces risks from the impact of climate change, which could materially affect Santander UK's reputation, business operations, clients and customers, as well as the creditworthiness of its counterparties

Climate risk is a risk that manifests through other principal risks, primarily enterprise risk, credit risk and operational risk. Climate change could expose Santander UK to financial risk either through its physical (e.g., climate or weather-related events) or transitional (e.g., changes in climate policy or in the regulation of financial institutions with respect to climate change risks) effects. Transition risks could be further accelerated by the occurrence of changes in the physical climate.

Physical risks from climate change arise from climate and weather-related events, such as heatwaves, droughts, floods, landslides, storms, sea level rise, coastal erosion and subsidence. These risks could lead to damage to our customers' property or operations, which could impair asset values and the creditworthiness of customers leading to increased default rates, delinquencies, write-offs and impairment charges in Santander UK's portfolios. In addition, Santander UK's premises and resilience may also suffer physical damage due to weather-related events leading to increased costs for Santander UK.

Transition risks arise from the process of adjustment towards a low-carbon economy. Santander UK may face significant and rapid developments in stakeholder expectations, policy, law and regulation which could impact the lending activities Santander UK undertakes, as well as the risks associated with its lending portfolios, and the value of Santander UK's financial assets. Reputation risk could arise from a failure to meet changing societal, investor or regulatory demands.

The UK government has announced its intention to roll out new sustainability disclosure requirements, which will expand on the those required under the Task Force on Climate-Related Financial Disclosures ("**TCFD**") framework, including transition plans to align to net-zero, as well as a new UK green taxonomy. The Group is implementing the recommendations of the TCFD: further reporting will require additional gathering of data and operationalisation of reporting and there will be legal, reputational and regulatory risks should the Group fail to adequately report or to demonstrate appropriate capabilities to transition and support its customers to transition to a low carbon economy.

Santander UK is a founding member of the UN-convened Net Zero Banking Alliance committing Santander UK to set and disclose decarbonisation targets for most greenhouse gas intensive sectors and has committed to becoming a net zero bank by 2050. In order to reach these ambitions and targets or any other climate related ambitions or targets Santander UK may commit to in future, Santander UK will need to incorporate climate considerations into its strategy, business model, the products and services it provides to customers and its financial and non-financial risk management processes (including processes to measure and manage the various financial and non-financial risks Santander UK faces as a result of climate change). Failure to adequately embed risks associated with climate change into its risk framework to appropriately measure, manage and disclose the various financial and operational risks it faces as a result of climate change, or failure to adapt Santander UK's strategy and business model to the changing regulatory requirements and market expectations on a timely basis may have a material and adverse impact on Santander UK's level of business growth, competitiveness, profitability, capital requirements, cost of funding, and financial condition.

2. Business Model Risks

The Group is exposed to competition from other financial institutions, including new entrants into the financial services sector

The markets for UK financial services are very competitive and the Group has seen strong competition from banks, building societies and other established financial service providers. In addition, the Group faces competition from a number of new entrants, non-banks and other providers, including technology companies and large retail companies with strong brand recognition. The UK government and regulators are actively supporting the emergence of new entrants into the UK financial services market. The internet and mobile technologies are also changing customer behaviour and the competitive environment. There has been a steep rise in customer use of mobile banking in recent years and COVID-19 accelerated the strong trends towards customer digital adoption. The Group is investing in a multi-year transformation programme, including digitalisation of channels and services and automation of physical channels, to both meet customer preferences and protect its competitive position. There can be no assurance that the transformation programme will deliver the benefits sought from it.

Management expects such competition to continue or intensify as a result of customer behaviour and trends, technological changes, competitor behaviour, the growth in digital banking, new lending models and changes in regulation (including the introduction of Open Banking and changes arising from the Second Payment Services Directive (the "**PSD2**")). As a result of any restructuring or evolution in the market, there may emerge one or more new viable competitors in the UK banking market or a material strengthening of one or more of the Group's existing competitors in that market, limiting the Group's ability to increase its customer base and expand its operations, increasing competition for investment opportunities and potentially reducing the Group's market share.

Any of these factors or a combination thereof could result in a significant reduction in the profit of the Group. The Group gives consideration to the competitive position in its management actions, such as pricing, product decisions and the Group's business model. Increasing competition could mean that the Group increases rates offered on deposits or lowers the rates it charges on loans, or changes its cost base, any of which could have a material adverse effect on its operations, financial condition and prospects.

The Group's ability to maintain its competitive position depends, in part, on the success of new products and services it offers its customers and its ability to continue offering products and services from third parties

The success of the Group's operations and its profitability depends, in part, on the success of new products and services it offers to customers and the way in which it offers and provides its products and services. The increasing availability of a wide range of digital or online products and services for customers requires banks like the Group to enhance their offerings in order to retain and attract customers. However, the Group cannot guarantee that its new products and services or the way in which it offers or provides its products and services will meet the needs or preferences of the Group's customers which may change over time, and such changes may render the Group's products and services obsolete, outdated or unattractive, and the Group may not be able to develop new products that meet its customers' changing needs in a timely manner. As the Group expands the range of its products and services, some of which may be at an early stage of development in the UK market, it will be exposed to known, new and potentially increasingly complex risks, including conduct risk, and development expenses. The Group's employees and risk management systems, as well as its experience and that of its partners, may not be sufficient or adequate to enable it to properly handle or manage such risks. In addition, the cost of developing products that are not launched is likely to affect its operating results.

Any or all of the above factors, individually or collectively, could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's loan portfolio is subject to risk of prepayment

The Group's loan portfolio is subject to prepayment risk resulting from the ability of a borrower or issuer to prepay a debt obligation prior to maturity. Generally, in a low interest rate environment, prepayment activity increases, which reduces the weighted average lives of the Group's interest earning assets and could have a material adverse effect on the Group's operations, financial condition and prospects.

As a result the Group could be required to amortise net premiums into income over a shorter period of time, thereby reducing the corresponding asset yield and net interest income and there is a risk that the Group is not able to accurately forecast amortisation schedules for these purposes which may affect its profitability. Prepayment risk also has a significant adverse impact on credit card and mortgage loans, since prepayments could shorten the weighted average life of these assets, which may result in a mismatch in the Group's funding obligations and reinvestment at lower yields. The risk of prepayment and its impact on the Group's ability to accurately forecast amortisation schedules is inherent in the Group's commercial activity and an increase in prepayments or a failure to accurately forecast amortisation schedules could have a material adverse effect on the Group's operations, financial condition and prospects.

Damage to the Group's reputation could cause harm to its business prospects

Maintaining a positive reputation is critical to attracting and retaining customers, investors and employees and conducting business transactions with counterparties. Damage to the reputation of the Group or Banco Santander SA (as the ultimate parent of the Group), the reputation of affiliates operating under the 'Santander' brand or any of its other brands could therefore cause significant harm to the Group's business and prospects. Harm to the Group's reputation can arise directly or indirectly from numerous sources, including, among others, employee misconduct (including the possibility of employee fraud), litigation, regulatory interventions and enforcement action, failure to deliver minimum standards of service and quality, loss or compromise of customer data, disruption to service due to a cyber-attack, wider IT failures such as the IT outage experienced on 15 May 2021 which temporarily impacted the Group's operations and customers, compliance failures, third party fraud, financial crime, breach of legal or regulatory requirements, unethical behaviour (including adopting inappropriate sales and trading practices), and the activities of customers, suppliers and counterparties and the perception of the financial services industry as a whole. Further, negative publicity regarding the Group, whether true or not, may result in harm to the Group's operations, financial condition and prospects.

If the Group is unable to manage the growth of its operations, this could have a material adverse impact on its profitability

The Group allocates management and planning resources to develop strategic plans for organic growth, and to identify possible acquisitions and disposals and areas for restructuring its businesses when necessary. From time to time, the Group evaluates acquisition, disposal, and partnership opportunities that it believes could offer additional value to its shareholders and customers, and are consistent with its business strategy. However, the Group may not be able to identify suitable acquisition or partnership candidates, and may not be able to acquire promising targets or form partnerships on favourable terms, or at all. Furthermore, preparations for acquisitions that the Group does not complete can be disruptive. The Group bases its assessment of potential acquisitions and partnerships on limited and potentially inexact information and on assumptions with respect to value, operations, profitability and other matters that may prove to be incorrect. The Group's ability to benefit from any such acquisitions and partnerships will depend in part on its successful integration of those businesses. Such integration entails significant risks such as challenges in retaining the customers and employees of the acquired businesses, unforeseen difficulties in integrating operations and systems and unexpected liabilities or contingencies relating to the acquired businesses, including legal claims and regulatory investigations. Moreover, the success of the acquisition or venture will at least in part be subject to a number of political, economic and other factors that are beyond the Group's control. The Group can give no assurances that its expectations with regard to integration and synergies will materialise.

The Group cannot provide assurance that it will, in all cases, be able to manage its growth effectively or to implement its strategic growth decisions, including its ability to:

- Manage efficiently the operations and employees of expanding businesses
- Maintain or grow its existing customer base
- Successfully execute its strategy
- Fully due diligence and assess the value, strengths and weaknesses of investment or acquisition candidates

- Finance strategic opportunities, investments or acquisitions
- Fully integrate strategic investments, or newly-established entities or acquisitions, in line with its strategy
- Align its current information technology systems adequately with those of an enlarged group
- Apply its risk management policy effectively to an enlarged group

Any or all of these factors, individually or collectively, could have a material adverse effect on the Group's operations, financial condition and prospects.

3. **Capital and Liquidity Risks**

The Group is subject to regulatory capital, liquidity and leverage requirements that could limit its operations, and changes to these requirements may further limit and could have a material adverse effect on the Group's operations, financial condition and prospects

Capital Requirements Regulation and Capital Requirements Directive IV

The Group is subject to capital adequacy requirements applicable to banks and banking groups under retained EU law and as adopted by the Prudential Regulation Authority ("**PRA**"). The Group is required to maintain a minimum ratio of Common Equity Tier 1 ("**CET1**") capital to risk-weighted assets, Tier 1 capital to risk-weighted assets, total capital to risk-weighted assets and Tier 1 capital to total adjusted assets for leverage monitoring purposes. Any failure by the Group to maintain such ratios above prescribed regulatory minimum levels may result in administrative actions or sanctions. These could potentially include requirements on the Group to cease all or certain lines of new business, to raise new capital resources or, in certain circumstances, a requirement for the Group existing capital instruments (potentially including the Group's debt securities) to be subjected to bail-in or write down (for more information, see the risk factor entitled '*The Group may become subject to the provisions of the Banking Act 2009, including bail-in and write down powers*').

The EU Capital Requirements Directive IV ("**CRD IV Directive**") and the Capital Requirements Regulation (the "**CRR**" and together with the CRD IV Directive, "**CRD IV**") implemented changes proposed by the Basel Committee on Banking Supervision ("**Basel Committee**") to the capital adequacy framework, known as 'Basel III' in the EU. The CRR has been amended through a series of EU regulations, including the Capital Requirements Regulation 2 ("**CRR 2**") and the CRD IV Directive amended by the Capital Requirements Directive V ("**CRD V Directive**"). The European Union (Withdrawal) Act 2018 converted the directly applicable elements of CRD IV into UK law on 31 December 2020 and preserved existing UK law implementing the CRD IV directive.

In implementing CRD IV and the revised versions of CRD IV, the PRA has required the capital resources of UK banks to be maintained at levels which exceed the base capital requirements prescribed by CRD IV and to cover relevant risks in their business. In addition, a series of capital buffers have been established under CRD IV and PRA rules to ensure a bank can withstand a period of stress. Though the results of the PRA's 2019 stress test (the most recent exercise undertaken to set UK bank capital buffers) did not impact on the level of capital that the Group is required to hold, the PRA could, in the future, as a result of stress testing exercises and as part of the exercise of UK macro-prudential capital regulation tools, or through supervisory actions, require the Group to increase its capital resources further, which could have a material adverse effect on the Group's operations, financial condition and prospects.

*Liquidity Coverage Ratio ("**LCR**")*

The LCR is intended to ensure that a bank maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short-term significant liquidity stress scenario. The current minimum requirement for LCR is set at 100%. The Group's current liquidity position is in excess of the minimum requirements set by the PRA, however there can be no assurance that future changes to the applicable liquidity requirements would not have an adverse effect on the Group's financial performance.

Leverage ratios

The Financial Services Act 2012 (the "**FS Act**") also provides the Financial Policy Committee ("**FPC**") of the BoE with certain other macro-prudential tools for the management of systemic risk including quarterly setting of the countercyclical capital buffer rate and powers of direction relating to leverage ratios. All major UK banks and banking groups (including the Group) are required to hold enough Tier 1 capital (75% of which must be CET1 capital) to satisfy a minimum leverage ratio requirement of 3.25% and enough CET1 capital to satisfy a countercyclical leverage ratio buffer of 35% of each bank's institution-specific countercyclical capital buffer rate. The PRA require UK globally systemically important banks ("**G-SIBs**") and Ring Fenced Bodies to hold enough CET1 capital to meet an additional leverage ratio buffer of 35% of the institution-specific G-SIB buffer rate or Other Systemically Important Institutions ("**O-SII**") buffer rate following the implementation of the CRD V Directive on 28 December 2020 (previously the Systemic Risk Buffer rate) and for consolidated groups which include a Ring Fenced Body to hold enough CET1 capital to meet the Additional Leverage Ratio Buffer ("**ALRB**"). The FPC can also direct the PRA to adjust capital requirements in relation to particular sectors through the imposition of sectoral capital requirements. Action taken in the future by the FPC in exercise of any of its powers could result in the regulatory capital requirements applied to the Group being further increased, which could have a material adverse effect on the Group's operations, financial condition and prospects.

Further regulatory changes

Regulators in the UK and worldwide have proposed that additional loss absorbency requirements should be applied to systemically important institutions to ensure that there is sufficient loss absorbing and recapitalisation capacity available in resolution. The BoE is required to set the Minimum Requirement for Eligible Liabilities ("**MREL**") for all institutions. The BoE expects banks to have complied with end-state MREL requirements by 1 January 2022. This was the case for Santander UK.

The UK implementation of the elements of CRR2, which include revisions to the leverage ratio, counterparty risk capital requirements and the net stable funding ratio ("**NSFR**"), occurred on 1 January 2022.

In addition to the above, regulators in the UK have produced a range of proposals for future legislative and regulatory changes which could force the Group to comply with certain operational restrictions or take steps to raise further capital or could increase the Group's expenses and could have a material adverse effect on the Group's operations, financial condition and prospects. These changes, which could affect the Group as a whole, include the UK implementation of the Basel Committee's new market risk framework, which reflects rules made as a result of the Basel Committee's fundamental review of the trading book. In addition, in December 2017 the Basel Committee published their final version of the Basel III framework, with proposed implementation from 1 January 2022. This includes the following elements:

- Revisions to the standardised approach for credit risk, credit valuation adjustment risk and operational risk to address certain weaknesses identified by the Basel Committee;
- Additional constraints on the use of internal model approaches for credit risk, and removing the use of internal model approaches for credit valuation adjustment risk and operational risk;
- The use of an output floor based on standardised approaches, and
- The introduction of a leverage ratio buffer for global systemically important banks and refinements to the definition of the leverage ratio exposure measure.

The Basel Committee delayed the proposed implementation date of these revised rules to 1 January 2023. It is anticipated that the PRA will publish a consultation paper in 2022 on the UK implementation of these rules and the proposed implementation date in the UK.

There is a risk that changes to the UK's capital adequacy regime (including any increase to minimum leverage ratios) may result in increased minimum capital requirements, which could reduce available capital for new business purposes and adversely affect the Group's cost of funding, profitability and ability to pay dividends, continued organic growth (including increased lending), or pursue acquisitions or other strategic opportunities. Alternatively, the Group could be required to restructure its balance sheet to reduce the capital charges incurred pursuant to the PRA's rules in relation to the assets held, or raise

additional capital but at increased cost and subject to prevailing market conditions. In addition, changes to the eligibility criteria for Tier 1 and Tier 2 capital may affect the Group's ability to raise Tier 1 and Tier 2 capital and impact the recognition of existing Tier 1 and Tier 2 capital resources in the calculation of the Group's capital position. Furthermore, increased capital requirements may negatively affect the Group's return on equity and other financial performance indicators.

The Group's business could be affected if its capital is not managed effectively or if these measures limit the Group's ability to manage its balance sheet and capital resources effectively or to access funding on commercially acceptable terms. Effective management of the Group's capital position is important to the Group's ability to operate its business, to continue to grow organically and to pursue its business strategy. There is a risk that implementing and maintaining existing and new liquidity requirements, such as through enhanced liquidity risk management systems, may incur significant costs, and more stringent requirements to hold liquid assets may materially affect the Group's lending business as more funds may be required to acquire or maintain a liquidity buffer, thereby reducing future profitability. This could in turn adversely impact the Group's operations, financial condition and prospects.

Liquidity and funding risks are inherent in the Group's business and could have a material adverse effect on the Group's operations, financial condition and prospects

Liquidity risk is the risk that the Group either does not have available sufficient financial resources to meet its obligations as they fall due or can secure them only at excessive cost. This risk is inherent in any retail and commercial banking business and can be heightened by a number of enterprise-specific factors, including over-reliance on a particular source of funding, changes in credit ratings or market-wide phenomena such as market dislocation. While the Group maintains a liquid asset buffer and implements liquidity management processes to seek to control these risks. In particular, unforeseen systemic market factors like those experienced during the last financial crisis make it difficult to eliminate these risks completely. There can be no assurance that such circumstances will not reoccur. Extreme liquidity constraints may affect the Group's operations and its ability to fulfil regulatory liquidity requirements, as well as limit growth possibilities. Disruption and volatility in the global financial markets could have a material adverse effect on the Group's ability to access capital and liquidity on financial terms acceptable to it. A sudden or unexpected shortage of funds in the banking system could threaten the stability of the banking system, and lead to increased funding costs, a reduction in the term of funding instruments or require the Group to liquidate certain assets, thereby impacting the Group's liquidity position and its ability to pay its debts. If these circumstances were to arise, this could have a material adverse effect on the Group's results, operations, financial condition and prospects.

The Group's cost of funding is directly related to prevailing interest rates and to its credit spreads. Increases in interest rates and the Group's credit spreads can significantly increase the cost of its funding. Changes in the Group's credit spreads are market-driven and may be influenced by market perceptions of its creditworthiness. Changes to interest rates and the Group's credit spreads occur continuously and may be unpredictable and highly volatile.

If wholesale markets financing ceases to be available, or becomes excessively expensive, the Group may be forced to raise the rates it pays on deposits, with a view to attracting more customers, and/or to sell assets, potentially at depressed prices. The persistence or worsening of adverse market conditions, significant increases in capital markets funding costs or deposit rates could have a material adverse effect on the Group's interest margins, its cost of funding, access to liquidity and its profitability and therefore on its operations, financial condition and prospects.

In recent years the Group has also made use of central bank funding schemes such as the BoE's Term Funding Scheme. As at 31 December 2021, the Group had no outstanding drawings under the Term Funding Scheme.

In response to the COVID-19 pandemic, the BoE introduced the Term Funding Scheme with additional incentives for Small and Medium-Sized Enterprises ("**TFSME**"), with similar terms to its previous Term Funding Scheme. As at 31 December 2021, the Group had drawn £31.9 billion of cash under the TFSME. The scheme closed to new drawings in October 2021 and, like other participants, the Group will have to replace any maturing central bank funding although this will not occur until 2024. This could potentially lead to an increase in reliance on wholesale markets financing and an increase in costs due to other institutions also refinancing their maturities.

Each of the factors described above could have a material adverse effect on the Group, including its ability to access capital and liquidity on financial terms acceptable to it and, more generally, on its operations, financial condition and prospects.

Further, the Group aims for a funding structure that is consistent with its assets, avoids excessive reliance on short-term wholesale funding, attracts enduring retail and commercial deposits and provides diversification in products and tenor. The Group therefore relies, and will continue to rely, on retail and commercial deposits to fund a significant proportion of lending activities. The on-going availability of this type of funding is sensitive to a variety of factors outside the Group's control, such as general economic conditions and the confidence of depositors in the economy, in the financial services industry in general, confidence in the Group specifically, the Group's credit rating and the availability and extent of deposit guarantees, as well as competition between banks for deposits or competition with other products, such as mutual funds or, if launched, central bank digital currency. A change in any of these factors could significantly increase the amount of commercial deposit withdrawals in a short period of time, thereby reducing its ability to access deposit funding on appropriate terms, or at all, in the future, and therefore have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's liquidity planning assumes that customers will continue to make a volume of deposits with the Group (particularly demand deposits and short-term time deposits), and the Group intends to maintain its emphasis on the use of deposits as a source of funds. The short-term nature of some deposits could cause liquidity problems for the Group in the future if deposits are not made in the volumes anticipated or are withdrawn at short notice or are not renewed. If a substantial number of depositors withdraw their demand deposits or do not roll over their time deposits upon maturity, there may be a material adverse effect on the Group's operations, financial condition and prospects.

An adverse movement in the Group's external credit rating would likely increase its cost of funding, require the Group to post additional collateral or take other actions under some of its derivative contracts and adversely affect the Group's operations, financial condition and prospects

Credit ratings affect the cost and other terms upon which the Group is able to obtain funding. Credit rating agencies regularly evaluate the Group, and their credit ratings of the Group and the Group's issued debt are based on a number of factors, including the Group's financial strength, the strength of the UK economy and conditions affecting the financial services industry generally.

Any downgrade in the external credit ratings assigned to the Group or any of the Group's debt securities could have an adverse impact on the Group. In particular, a downgrade in the Group's credit ratings could increase its borrowing costs and could require it to post additional collateral or take other actions under some of derivatives, loan facilities or other financial contracts, and could limit its access to capital markets and have a material adverse effect on its operations, financial condition and prospects. For example, a credit rating downgrade could have a material adverse effect on the Group's ability to sell or market certain products, engage in certain longer-term or derivatives transactions and retain its customers or investors, particularly those who need a minimum rating threshold in order to transact or invest.

Any of these results of a credit rating downgrade could, in turn, result in outflows and reduce the Group's liquidity and have an adverse effect on the Group, including its operations, financial condition and prospects. For example, the Group estimates that at 31 December 2021, if Fitch, Moody's and Standard & Poor's were concurrently to downgrade the long-term credit ratings of Santander UK plc by one notch, and thereby trigger a short-term credit rating downgrade, this could result in an outflow of £0.5bn of cash and collateral. A hypothetical two notch downgrade would result in a further outflow of £0.8bn of cash and collateral at 31 December 2021. Under the LCR the Group holds sufficient liquidity to cover these potential outflows. However, while certain potential impacts are contractual and quantifiable, the full consequences of a credit rating downgrade are inherently uncertain, as they depend upon numerous dynamic, complex and inter-related factors and assumptions, including market conditions at the time of any downgrade, whether any downgrade of a firm's long-term credit rating precipitates downgrades to its short-term credit rating, whether any downgrade precipitates changes to the way that the financial institutions sector is rated, and assumptions about the ratings of other financial institutions and the potential behaviours of various customers, investors and counterparties. Actual outflows will also depend upon certain other factors including any management or restructuring actions that could be taken to reduce cash outflows and the potential liquidity impact from a loss of unsecured funding (such as from money market funds) or loss of secured funding capacity.

There can be no assurance that the credit rating agencies will maintain the Group's current credit ratings or outlooks. A failure to maintain favourable credit ratings or outlooks could increase the Group's cost of funding, adversely affect the Group's interest margins, and reduce its ability to secure both long-term and short-term funding. If a downgrade of a Group member's long-term credit ratings were to occur, it could also impact the short-term credit ratings of other members of the Group. The occurrence of any of these events could have a material adverse effect on the Group's operations, financial condition and prospects.

Negative changes to the UK sovereign credit rating, or the perception that further negative changes may occur, could have a material adverse effect on the Group's operations, financial condition, prospects and the marketability and trading value of its securities. This might also have an impact on the Group's own credit rating, borrowing costs and ability to secure funding. Negative changes to the UK sovereign credit rating, or the perception that further negative changes may occur, could also have a material effect in depressing consumer confidence, restricting the availability, and increasing the cost, of funding for individuals and companies, further depressing economic activity, increasing unemployment and reducing asset prices, which could in turn have a material adverse effect on the Group's operations, financial condition and prospects.

Changes in the Group's pension liabilities and obligations could have a materially adverse effect on the Group's operations, financial condition and prospects

The majority of current employees are provided with pension benefits through defined contribution arrangements. Under these arrangements the Group's obligation is limited to the cash contributions paid. The Group provides retirement benefits for many of its former and current employees in the UK through a number of defined benefit pension schemes established under trust. Santander UK plc is the principal employer under the majority of these schemes, but it has only limited control over the rate at which it pays into such schemes. Under the UK statutory pension funding requirements employers are usually required to contribute to the schemes at the rate they agree with the scheme trustees although, if they cannot agree, the rate can be set by the Pensions Regulator. The scheme trustees may, in the course of discussions about future valuations, seek higher employer contributions. The scheme trustees' power in relation to the payment of pension contributions depends on the terms of the trust deed and rules governing the pension schemes, but, in some cases, the scheme trustees may have the unilateral right to set the employer's relevant contribution.

The Pensions Regulator has the power to issue a financial support direction to companies within a group in respect of the liability of employers participating in the UK defined benefit pension schemes where that employer is a service company, or is otherwise 'insufficiently resourced' (as defined for the purposes of the relevant legislation). As some of the employers within the Group are service companies, if the Pensions Regulator determines that they have become insufficiently resourced and no suitable mitigating action is undertaken, other companies within the Group which are connected with or an associate of those employers are at risk of a financial support direction in respect of those employers' liabilities to the defined benefit pension schemes in circumstances where the Pensions Regulator properly considers it reasonable to issue one. Such a financial support direction could require the companies to guarantee or provide security for the pension liabilities of those employers, or could require additional amounts to be paid into the relevant pension schemes in respect of them.

The Pensions Regulator can also issue contribution notices if it is of the opinion that an employer has taken actions, or failed to take actions, deliberately designed to avoid meeting its pension promises or which are materially detrimental to the scheme's ability to meet its pension promises. A contribution notice can be issued to any company or individual that is connected with or an associate of such employer in circumstances where the Pensions Regulator considers it reasonable to issue it and multiple notices could be issued to connected companies or individuals for the full amount of the debt. The risk of a contribution notice being imposed may inhibit the Group's freedom to restructure or to undertake certain corporate activities. There is a risk that the Group could incur an obligation to make a contribution to the scheme by virtue of section 75 or 75A of the Pensions Act 1995 as a result of a reorganisation or disposal of the Group's businesses.

Should the value of assets to liabilities in respect of the defined benefit schemes operated by the Group record a deficit or an increased deficit (as appropriate), due to either a reduction in the value of the pension fund assets (depending on the performance of financial markets) not matched by a fall in the pension fund liabilities and/or an increase in the scheme liabilities not matched by an increase in the

pension fund assets due to changes in legislation, mortality assumptions, discount rate assumptions, inflation, or other factors, or there is a change in the actual or perceived strength of the employer's covenant, this could result in the Group having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of its business and reduce its capital resources. Inflation in particular poses a significant risk to the pension fund as liabilities would be adversely impacted by an increase in long-term inflation. While the Group can control a number of the above factors, there are some over which the Group has no or limited control. Although the trustees of the defined benefit pension schemes are obliged to consult with the Group before changing the pension schemes' investment strategy, the trustees have the final say and ultimate responsibility for investment strategy rests with them.

Changes in UK legislation and regulation to address perceived failings in pension protection following recent high profile company insolvencies with large pension deficits may also affect the Group's position. Specific areas where concerns have been raised are levels of dividends where there is a pension scheme with a deficit and the length of time taken to address deficits. Changes in legislation or regulation could result in the Group having to make increased contributions to reduce or satisfy the deficits which would divert resources from use in other areas of its business and reduce its capital resources.

The defined benefit schemes have material investments in illiquid assets primarily unlisted credit, private equity and property. The value of these investments can only be known when they are realised. The value in the accounts is an estimate of the fair value of these investments but the final realised value could be materially different and if less than the value used could result in the Group having to make increased contributions to reduce or satisfy resulting deficits which as above would divert resources from use in other areas of the business and reduce its capital resources.

Any increase in the Group's pension liabilities and obligations as a result of the foregoing factors could have a material adverse effect on the Group's operations, financial conditions and prospects.

4. **Market Risks**

The Group's financial results are constantly exposed to market risk. The Group is subject to fluctuations in interest rates and other market risks, which could have a material adverse effect on the Group's operations, financial condition and prospects.

Market risk refers to the probability of variations in the Group's net interest income or in the market value of its assets and liabilities due to volatility of interest rates, credit spreads, exchange rates or equity prices.

Changes in interest rates would affect the following areas, among others, of the Group's business:

- Net interest income.
- The value of the Group's derivatives transactions.
- The market value of the Group's securities holdings.
- The value of the Group's loans and deposits.
- The volume of loans originated.

Interest rates are highly sensitive to many factors beyond the Group's control, including increased regulation of the financial sector, inflation, monetary policies, domestic and international economic and political conditions and other factors. Variations in interest rates could affect the interest earned on the Group's assets and the interest paid on its borrowings, thereby affecting its net interest income, which comprises the majority of its revenue, reducing its growth rate and profitability and potentially resulting in losses. In addition, costs the Group incurs putting into place strategies to reduce interest rate exposure could increase in the future, which could have a material adverse effect on the Group's operations, financial condition and prospects.

Increases in interest rates may reduce the volume of loans originated by the Group. Sustained high interest rates have historically discouraged customers from borrowing and have resulted in increased delinquencies in outstanding loans and deterioration in the quality of assets. Increases in interest rates may also reduce the propensity of the Group's customers to prepay or refinance fixed-rate loans, reduce

the value of its financial assets and reduce gains or require the Group to record losses on sales of the Group's loans or securities, which could have a material adverse effect on the Group's operations, financial condition and prospects.

Due to the historically low interest rate environment in the UK in recent years, the rates on many of the Group's interest-bearing deposit products have been priced at or near zero. This may limit the Group's ability to further reduce customer rates in the event of further cuts in the BoE base rate putting pressure on the Group's margins and profitability. If a generally low interest rate environment in the UK persists in the long term, it may be difficult to increase the Group's net interest income, which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group is exposed to risks relating to the integrity and continued existence of reference rates

On 29 November 2017, the FCA announced that a Working Group on Sterling Risk-Free Rates was to be mandated with implementing a broad-based transition to the Sterling Overnight Index Average (SONIA) over the next four years across Sterling bond, loan and derivative markets, so that SONIA would be established as the primary Sterling interest rate benchmark. In March 2021, the UK Financial Conduct Authority (FCA) confirmed that all LIBOR settings, in their current format, would cease:

- immediately after 31 December 2021, in the case of all sterling, euro, Swiss franc and Japanese yen settings, and the 1-week and 2-month U.S. dollar settings; and

- immediately after 30 June 2023, in the case of the remaining U.S. dollar settings (i.e. overnight, 1-month, 3-month, 6-month and 12-month).

Subsequently, the FCA has exercised its powers under the UK Benchmarks Regulation to define and require the publication of 'synthetic' sterling (and Japanese yen) LIBOR at least until the end of 2022 and outlined its permitted uses. In addition, the Critical Benchmarks (References and Administrators' Liability) Act 2021 has substituted such 'synthetic' LIBOR for references to LIBOR in English, Scots and Northern Irish law governed contracts that have not otherwise transitioned to an alternative rate.

In 2021, the majority of the Group's affected legacy contracts were transitioned from the LIBOR rates ceasing at the end of 2021. Where contracts were not able to be transitioned however, the FCA exercising its powers under the UK Benchmarks Regulation and the implementation of the Critical Benchmarks (References and Administrators' Liability) Act 2021 have enabled a smoother transition of sterling denominated 'tough legacy' contracts into 2022. Nevertheless, the publication of 'synthetic' sterling LIBOR beyond the end of 2022 is not guaranteed and the FCA is yet to announce whether it will require the publication of 'synthetic' USD LIBOR rates after the cessation of the remaining USD LIBOR tenors after 30 June 2023.

The transition of LIBOR based contracts has been complex and involved a range of risks (including legal, conduct, system, model, accounting and reputational risks). Changes to, or the replacement of, benchmarks may cause contracts in which they are used to perform differently than in the past or may have other consequential effects. In particular, the transition of contracts from GBP LIBOR to an alternative reference rate (such as SONIA or the BoE base rate) typically involved an adjustment to the terms of financial contracts to which the Group is a party. Whilst the Group has taken steps to manage these risks, there can be no assurance that these risks will not crystallise. This could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's most significant exposures are to GBP LIBOR, and mainly represent derivatives transacted to hedge its balance sheet risks, corporate loans and medium-term funding. The estimated value of loans and customer derivatives for which transition was not agreed before the end of 2021 was just under £2.1bn (for non-USD LIBOR which is currently expected to cease after 30 June 2023).

Market conditions have resulted in, and could continue to result in, material changes to the estimated fair values of the Group's financial assets. Negative changes in positions recorded at fair value could have a material adverse effect on the Group's operations, financial condition and prospects

The Group has material exposures to securities, loans, derivatives and other investments that are recorded at fair value and are therefore exposed to potential negative market changes. A widening of market credit spreads, reflecting the prevailing market conditions, would negatively impact asset valuations in future

periods and may result in negative changes in the fair values of the Group's financial assets. A tightening of the Group's own credit spreads would increase the magnitude of liabilities, thereby reducing net assets.

In addition, the value ultimately realised by the Group on disposal of assets and liabilities recorded at fair value may be lower than the current fair value: for example, during the last global financial crisis, financial markets were subject to periods of significant stress resulting in steep falls in perceived or actual financial asset values, particularly due to volatility in global financial markets and the resulting widening of credit spreads. The Group is also exposed to changes in the market value of credit and funding spreads for the valuation of certain derivative contracts, the estimated value of which is negatively exposed to increases in the Credit Valuation Adjustment spread and the Funding Fair Valuation Adjustment ("**FFVA**") spread over the lifetime of the transaction. Any of these factors could require the Group to record negative changes in fair value, which could have a material adverse effect on its operations, financial condition and prospects.

The Group is also exposed to changes in UK residential house price index levels, future index growth assumptions and house price index volatility. These impact the valuations of the portfolios of home reversion plans, lifetime mortgages and associated hedges held by the Group. In addition, the home reversion assets and mortgages are exposed to any changes in underlying mortality assumptions as maturity dates on these are not fixed and are driven by the vacation of the underlying property on a permanent basis by the plan holder. Specific property risk exists for each individual asset versus the indexed growth assumption at the point of maturity. Lifetime mortgages additionally have prepayment risk which is managed via a FFVA based on historic data.

In addition, to the extent that fair values are determined using financial valuation models, such values may be inaccurate or subject to change, as the data used by such models may not be available or may become unavailable due to changes in market conditions, particularly for illiquid assets and in times of economic instability. In such circumstances, the Group's valuation methodologies require it to make assumptions, judgements and estimates in order to establish fair value.

Reliable assumptions are difficult to make and are inherently uncertain. Moreover, valuation models are complex, making them inherently imperfect predictors of actual results. Any consequential impairments or write-downs could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group invests in debt securities of the UK government largely for liquidity management purposes. At 31 December 2021, approximately 7% of the Group's total assets and 6% of the Group's securities portfolio were comprised of debt securities issued by the UK government. Any failure by the UK government to make timely payments under the terms of these securities, or a significant decrease in their market value, could have a material adverse effect on the Group's operations, financial condition and prospects.

5. Credit Risks

If the level of non-performing loans increases or the credit quality of the Group's loans deteriorates in the future, or if the Group's loan loss reserves are insufficient to cover loan losses, this could have a material adverse effect on the Group's operations, financial condition and prospects

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. Non-performing or low credit quality loans have in the past, and could continue to, have a material adverse effect on the Group's operations, financial condition and prospects.

In particular, the amount of the Group's reported non-performing loans may increase in the future as a result of growth in the Group's total loan portfolio, including as a result of loan portfolios that the Group may acquire in the future (the credit quality of which may turn out to be worse than the Group had anticipated), or factors beyond the Group's control, such as adverse changes in the credit quality of the Group's borrowers and counterparties, a general deterioration in the UK or global economic conditions, the impact of political events, events affecting certain industries or events affecting financial markets and global economies. Broader inflationary pressures that impact a customer's ability to service debt payments could also lead to increased arrears in both unsecured and secured products.

There can be no assurance that the Group will be able to effectively control the level of impaired loans in, or the credit quality of, its total loan portfolio, which could have a material adverse effect on the Group's operations, financial condition and prospects.

Interest rates payable on a significant portion of the Group's outstanding mortgage loan products fluctuate over time due to, among other factors, changes in the BoE base rate. As a result, borrowers with variable interest rate mortgage loans are exposed to increased monthly payments when the related mortgage interest rate adjusts upward. Similarly, borrowers of mortgage loans with fixed or introductory rates adjusting to variable rates after an initial period are exposed to the risk of increased monthly payments at the end of this period. Over the last few years both variable and fixed interest rates have been at historically low levels, which has benefited borrowers of new loans and those repaying existing variable rate loans regardless of special or introductory rates. Future increases in borrowers' required monthly payments may result in higher delinquency rates and losses related to non-performing loans in the future. Borrowers seeking to avoid these increased monthly payments by refinancing their mortgage loans may no longer be able to find available replacement loans at comparably low interest rates. These events, alone or in combination, may contribute to higher delinquency rates and losses for the Group, which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's current loan loss reserves may not be adequate to cover an increase in the amount of non-performing loans or any future deterioration in the overall credit quality of the Group's total loan portfolio. The Group's loan loss reserves are based on the Group's current assessment of various factors affecting the quality of its loan portfolio, including its borrowers' financial condition, repayment abilities, the realisable value of any collateral, the prospects for support from any guarantor, government macroeconomic policies, interest rates and the legal and regulatory environment. Many of these factors are beyond the Group's control. As a result, there is no precise method for predicting loan and credit losses, and no assurance can be provided that the Group's current or future loan loss reserves will be sufficient to cover actual losses.

If the Group's assessment of and expectations concerning the above-mentioned factors differ from actual developments the Group may need to increase its loan loss reserves, which may adversely affect the Group's operations, financial condition and prospects. Additionally, in calculating its loan loss reserves, the Group employs qualitative tools and statistical models which may not be reliable in all circumstances and which are dependent upon data that may not be complete. If the Group is unable to control or reduce the level of its non-performing or poor credit quality loans, this could have a material adverse effect on the Group's operations, financial condition and prospects.

The value of the collateral, including real estate, securing the Group's loans may not be sufficient, and the Group may be unable to realise the full value of the collateral securing the Group's loan portfolio

The value of the collateral securing the Group's loan portfolio may significantly fluctuate or decline due to factors beyond the Group's control, including macroeconomic factors affecting the UK's economy. The Group's residential mortgage loan portfolio is one of its principal assets, comprising 84.2% of the Group's loan portfolio at 31 December 2021. As a result, the Group is highly exposed to developments in the residential property market in the UK.

House price growth strengthened over the second half of 2020 and into 2021 as a result of pent up demand during the first COVID-19 lockdown in the UK together with the stimulus provided by temporary changes in stamp duty; however, there is a level of uncertainty in the outlook for house prices in 2022 as these effects subside. The depth of the previous house price declines as well as the continuing uncertainty as to the extent and sustainability of the UK economic downturn and recovery will mean that losses could be incurred on loans should they go into possession.

The value of the collateral securing the Group's loan portfolio may also be adversely affected by force majeure events such as natural disasters like floods or landslides exacerbated by climate change trends. Any force majeure event may cause widespread damage and could have an adverse impact on the economy of the affected region and may therefore impair the asset quality of the Group's loan portfolio in that area.

The Group may also not have sufficiently up-to-date information on the value of collateral, which may result in an inaccurate assessment for impairment losses on loans secured by such collateral.

If any of the above events were to occur, the Group may need to make additional provisions to cover actual impairment losses of its loans, which could have a material adverse effect on the Group's operations, financial condition and prospects.

6. Legal & Regulatory Risks

The Group is subject to substantial and evolving regulation and governmental oversight

As a financial services group, the Group is subject to extensive financial services laws, regulations, administrative actions and policies in the UK, and in each other location in which the Group operates. For a discussion of the principal laws and regulations to which the Group is subject, see "*Description of the Issuer – Regulation of the Group*". The sector continues to face unprecedented levels of government and regulatory intervention and scrutiny, and changes to the regulations governing financial institutions and the conduct of business. In addition, regulatory and governmental authorities have continued to consider further enhanced or new legal or regulatory requirements intended to reduce the probability and impact of future crises (or otherwise assure the stability of institutions under their supervision), enhance consumer protection, address climate change risks and improve controls in relation to financial crime-related risks. The Group expect regulatory and government intervention in the banking sector to remain high for the foreseeable future. An intensive approach to supervision is maintained in the United Kingdom by the PRA, the Lending Standards Board ("**LSB**"), the Financial Conduct Authority ("**FCA**"), the Payment Systems Regulator ("**PSR**") and the Competition and Markets Authority ("**CMA**").

As well as being subject to UK regulation, as part of the Santander Group, the Group is also affected by other regulators such as the *Banco de España* (the "**Bank of Spain**") and the European Central Bank (the "**ECB**"), as well as various legal and regulatory regimes (including the US) that have extra-territorial effect. Extensive legislation and implementing regulations affecting the financial services industry have recently been adopted in regions that directly or indirectly affect the Group's business, including Spain, the U.S., the EU and other jurisdictions.

The manner in which financial services laws, regulations and policies are applied to the operations of financial institutions has gone through great change which is still being implemented and reviewed. Recent proposals and measures taken by governmental, tax and regulatory authorities and further future changes in supervision and regulation (in particular in the UK), are beyond the Group's control and could materially affect the Group's business.

Changes in UK legislation and regulation to address the stability of the financial sector may also affect the Group's competitive position, particularly if such changes are implemented before international consensus is reached on key issues affecting the industry.

To the extent these laws, regulations and policies apply to it, the Group may face higher compliance costs. The Group may lack the capacity to readily respond to multiple regulatory or government policy changes simultaneously. Any legislative or regulatory actions and any required changes to the Group's business operations resulting from such laws, regulations and policies as well as any deficiencies in the Group's compliance with such laws, regulations and policies could result in significant loss of revenue, could have an impact on the Group's strategy, limit its ability to pursue business opportunities in which the Group might otherwise consider engaging, limit the Group's ability to provide certain products and services and result in enforcement action and the imposition of financial and other penalties. They may also affect the value of assets that the Group holds, requiring the Group to increase its prices thereby reducing demand for the Group's products or otherwise have a material adverse effect on its operations, financial condition and prospects. Accordingly, there can be no assurance that future changes in laws, regulations and policies or in their interpretation or application by the Group or by regulatory authorities will not adversely affect the Group.

Specific examples of areas where regulatory changes and increased regulatory scrutiny could have a material adverse effect on the Group's operations, financial condition and prospects include, but are not limited to, the following:

- **Payments**: The Group has been required to make systems changes and update processes to comply with a number of new payment regulations at a European as well as domestic UK level. Within the UK, the PSR has mandated the Group build systems and processes for both Confirmation of Payee as well as the Contingent Reimbursement Model Code which both aim

to reduce the level of customer fraud (particularly through the Group's customers' manipulation into making payments known as "Authorised Push Payment" fraud). Under these standards, the Group assumes responsibility for certain categories of customer losses and any inherent failing in system design may lead to fines from regulators and/or compensation being paid to customers. The Group also expects to see significant developments in the key UK payment systems architecture - with systems update of the high value CHAPS system through the Real Time Gross Settlement renewal as well as the "New Payments Architecture" for faster payments, BACS and the other lower value retail payment schemes. PSD2 has been implemented within the UK and the UK continues to build upon the requirements within the EBA Regulatory Technical Standards via the Open Banking API industry standard and build. Open Banking and PSD2 both have shown that they have the potential to exacerbate a number of existing risks including data loss/data protection, cyber security, fraud and wider financial crime risk, which in turn could give rise to increased costs, litigation risk and risk of regulatory investigation and enforcement activity. The Group has also adapted systems and pricing to comply with other European regulations - including the Second Cross Border Payments Regulation which has required the Group to reduce prices for the majority of EEA currency payments in line with the price of their domestic equivalents.

- **Consumer Duty**: In response to a requirement introduced into the FSMA, the FCA continues to consult on a broad consumer duty that firms undertaking regulated activities with retail clients should observe. The FCA is proposing that the consumer duty has three elements: A consumer principle that provides a high-level expectation of conduct, a set of overarching Cross-cutting Rules which develop and amplify the standards of conduct that the FCA expects under the consumer principle and a suite of rules and guidance setting more detailed expectations for a firm's conduct according to the four specific outcomes that represent the key elements of the firm and its consumer relationships (communications, products and services, price and value and customer service). The first consultation on the structure of the proposed consumer duty closed on 31 July 2021. A second consultation paper on the proposed text for the new rules and guidance was published on 7 December 2021 and closed on 15 February 2022. Final rules are expected to be set out in a policy statement to be published by 31 July 2022 and it is expected that firms will have until 30 April, 2023 to implement its proposals. Whilst the scope of the consumer duty is not yet final, it is likely to require a review of, and potentially changes to, the Group's products, services, policies, systems and procedures against the requirements of the consumer duty. It is not clear how the consumer duty will operate in relation to existing principles, rules and guidance in the FCA Handbook. It may affect elements of the Group's business model and strategy, the products and services it offers and the pricing or costs of those products and services, which may in turn affect the revenue and profits that the Group is able to generate. It may result in an increase in civil litigation or claims to the Financial Ombudsman Service by customers alleging a breach of the consumer duty or in regulatory action by the FCA.

- **Insolvency**: Changes to the UK corporate insolvency regime were introduced through the Corporate Insolvency and Governance Act 2020, including a pre insolvency moratorium process for corporates in financial difficulty to give a period of time to seek a rescue or restructure and a new restructuring plan insolvency procedure to enable debt restructures. The Finance Act 2020 re-established certain tax debts owed by corporates as secondary preferential debts, ranking ahead of debts owed to floating charge holders. The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020 (which came into force on 4 May 2021) give eligible individuals in England and Wales the ability to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue or enforce a debt owed by the applicant. The impact these changes will have in relation to the collection and recovery of loans to retail and corporate customers who are in financial difficulty or default continues to evolve.

The Group may face risks in relation to compliance with ring-fencing legislation

In accordance with the provisions of the Financial Services (Banking Reform) Act 2013 UK banking groups that hold significant retail deposits, including the Group, were required to separate or 'ring-fence' their retail banking activities from their wholesale banking activities by 1 January 2019. The Group completed its ring-fencing plans in advance of the legislative deadline of 1 January 2019. However, given the complexity of the ringfencing regulatory regime and the material impact on the way the Group conducts its business operations in the UK, there is a risk that the Group and/or Santander UK plc may

be found to be in breach of one or more ring-fencing requirements. This might occur, for example, if prohibited business activities are found to be taking place within the ring-fence, mandated retail banking activities are found being carried on in a UK entity outside the ring-fenced part of the group or the Group breached a PRA ring-fencing rule. If the Group were found to be in breach of any of the ring-fencing requirements placed upon it under the ring-fencing regime, it could be subject to supervisory or enforcement action by the PRA, the consequences of which might include substantial financial penalties, imposition of a suspension or restriction on the Group's UK activities or, in the most serious of cases, forced restructuring of the UK group, entitling the PRA (subject to the consent of the UK government) to require the sale of a Santander ring-fenced bank or other parts of the Group.

Failure to comply with data privacy laws and regulations may result in the Group becoming subject to regulatory sanctions

Failure to comply with emerging and current laws and regulations concerning data privacy and localisation in a number of jurisdictions across the globe may result in the Group becoming subject to regulatory sanctions. In particular, the UK General Data Protection Regulation as it forms part of the law of England, Wales, Scotland and Northern Ireland by virtue of section 3 of the EUWA ("**UK GDPR**") and the Data Protection Act 2018 ("**DPA**") imposes obligations on data controllers and rights for data subjects. The implementation of the UK GDPR and DPA has required substantial amendments to the Group's procedures and policies. The changes have had, and could continue to have, an adverse impact on the Group's business by increasing its operational and compliance costs. If there are breaches of the GDPR obligations, the Group could face significant administrative and monetary sanctions as well as reputational damage. The occurrence of any of these events could have a material adverse effect on the Group's operations, financial condition and prospects. Moreover, the Department for Culture Media and Sport (DCMS) has recently issued a consultation in relation to proposed reforms of UK data protection legislation. Some proposed reforms, such as the requirement to implement a privacy management programme may result in a further increase in compliance and operational costs, if implemented. The proposed changes may also pose a risk to the EU Commission's adequacy finding in respect of the UK, as the UK's data protection laws may no longer be considered to be essentially equivalent to those of the EU, which would impact data flows from the EU to the UK. The crystallisation of any of these risks could have a material adverse effect on the Group's operations, financial condition and prospects.

Restrictions on the Group's ability to market products and services by electronic means may put the Group at a competitive disadvantage

For the purposes of the Privacy and Electronic Communications Regulations 2003, the Group relies on legitimate interests and not consent as a lawful basis for its marketing activity (an opt-out model, rather than an opt-in model). This model limits the Group to marketing its own similar products and services only to its own customers who have not opted out of marketing. This model therefore prevents the marketing by the Group of the Santander group companies' products and services by electronic means. This may put the Group at a competitive disadvantage. It is proposed to move from a legitimate interests model to a consent model in the near future. There will be legal and regulatory risks associated with this transition, as well as systems updates costs to operationalise which could in turn have a material adverse effect on the Group's operations, financial condition and prospects.

The Group faces risks in connection with the regulatory oversight of outsourcing and risk management

In March 2021, the PRA published Supervisory Statement 2/21 ("**SS2/21**") on outsourcing and risk management. The PRA has stated that SS2/21 should be the primary source of reference for the Group when interpreting and complying with its requirements on outsourcing arrangements and third-party risk management. SS2/21 should be read alongside the EBA guidelines on outsourcing, which remain applicable and effective. A major development is that the scope of contracts which should meet the PRA requirements on outsourcing and third-party risk management has increased beyond that set out in the EBA guidelines on outsourcing. The PRA states that it expects material third-party agreements that are not outsourcing to be subject to controls that are as robust as the controls that would apply to outsourcing arrangements with an equivalent level of materiality. Also in March 2021, The PRA published Supervisory Statement 1/21 ("**SS1/21**") which sets out its expectations for the operational resilience of the Group's 'important business services'. These are services that a PRA regulated firm provides which, if disrupted, could pose a risk to that firm's safety and soundness or, the financial stability of the UK. The Group is required to identify and set impact tolerances for all its important business services which

must, in all cases, include a time-based metric to measure the tolerable level of disruption to that important business service. The Group must ensure it is able to deliver its important business services within impact tolerances in severe but plausible scenarios. The PRA expects the Group to develop and implement effective remediation plans for the important business services that would not be able to remain within its impact tolerance. Any outsourcing agreements entered into on or after 31 March 2021 must meet the requirements in SS2/21, as these must be compliant by 31 March 2022. Legacy agreements entered into before 31 March 2021 need to be reviewed and updated at the first appropriate contractual revision or renewal, on or after 31 March 2022. The Group's procurement teams are currently leading a contracts remediation project, which is designed to achieve compliance with SS2/21. If the Group is unable to meet the PRA's requirements on outsourcing and third-party risk management then it may face supervisory measures, which could in turn have a material adverse effect on the Group's operations, financial condition and prospects.

The Group may become subject to the provisions of the Banking Act 2009, including bail-in and write down powers

The special resolution regime set out in the Banking Act 2009 provides HM Treasury, the BoE, the PRA and the FCA with a variety of powers for dealing with UK deposit taking institutions (and, in certain circumstances, their holding companies) that are failing or likely to fail, including: (i) to take a bank or bank holding company into temporary public ownership; (ii) to transfer all or part of the business of a bank to a private sector purchaser; or (iii) to transfer all or part of the business of a bank to a 'bridge bank'. The special resolution regime also comprises a separate insolvency procedure and administration procedure each of which is of specific application to banks. These insolvency and administration measures may be invoked prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made.

If an instrument or order were made under the Banking Act in respect of an entity in the Group, such instrument or order (as the case may be) may, among other things: (i) result in a compulsory transfer of shares or other securities or property of such entity; (ii) have an impact on the rights of the holders of shares or other securities issued by the Group or such entity or result in the nullification or modification of the terms and conditions of such shares or securities; or (iii) result in the de-listing of the shares and/or other securities of such entity. In addition, such an order may affect matters in respect of the Group or such entity and/or other aspects of the shares or other securities of the Group or such entity, which may negatively affect the ability of the Group or such entity to meet its obligations in respect of such shares or securities.

Further, amendments to the Insolvency Act 1986 and secondary legislation have introduced changes to the treatment and ranking of certain debts with the result that certain eligible deposits will rank in priority to the claims of ordinary (i.e. non-preferred) unsecured creditors in the event of an insolvency. This may negatively affect the ability of unsecured creditors to recover sums due to them in an insolvency scenario.

If a 'bail-in' order were made under the Banking Act 2009 as amended by The Financial Services (Banking Reform) Act 2013 (see further '*Description of the Issuer – Regulation of the Group – The Banking Act 2009*'), such an order would be based on the principle that any creditors affected by the 'bail-in' order should receive no less favourable treatment than they would have received had the bank entered into insolvency immediately before the coming into effect of the bail-in power. The bail-in power includes the power to cancel or write down (in whole or in part) certain liabilities or to modify the terms of certain contracts for the purposes of reducing or deferring the liabilities of a bank under resolution and the power to convert certain liabilities into shares (or other instruments of ownership) of the bank. The bail-in power under the Banking Act may potentially be exercised in respect of any unsecured debt securities issued by a bank under resolution or an entity in the Group, regardless of when they were issued. Accordingly, the bail-in power under the Banking Act could be exercised in respect of the Group's debt securities. Public financial support would only be used as a last resort, if at all, after having assessed and utilised, to the maximum extent practicable, the resolution tools including the bail-in tool and the occurrence of circumstances in which bail-in powers would need to be exercised in respect of the Group or any entity in the Group would have a material adverse effect on the Group's operations, financial condition and prospects.

The PRA also has the power to make rules requiring a parent undertaking of a bank to make arrangements to facilitate the exercise of resolution powers, including a power to require a member of a banking group

to issue debt instruments. The exercise of such powers could have an impact on the liquidity of the Group's debt instruments and could materially increase the Group's cost of funding.

In addition, the Bank Recovery and Resolution Directive 2014/59/EU (the "**BRRD**") provides for resolution authorities to have the power to require institutions and groups to make structural changes to ensure legal and operational separation of 'critical functions' from other functions where necessary, or to require institutions to limit or cease existing or proposed activities in certain circumstances. As a result of changes to the PRA Rulebook made to implement the BRRD, the Group is now required to identify such 'critical functions' as part of its resolution and recovery planning. If used in respect of the Group, these ex ante powers could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group must comply with anti-money laundering, anti-terrorism, anti-bribery and corruption, sanctions and anti-tax evasion laws and regulations and a failure to prevent or detect any illegal or improper activities fully or on a timely basis could have a material adverse effect on the Group's operations, financial condition or prospects

The Group is required to comply with applicable anti-money laundering ("**AML**"), counter-terrorism financing ("**CTF**"), anti-bribery and corruption, sanctions, anti-tax evasion and other laws and regulations in the jurisdictions in which the Group operates. These laws and regulations require the Group, among other things, to conduct customer due diligence (including in respect of sanctions and politically-exposed person screening), ensure account and transaction information is kept up to date and implement effective financial crime policies and procedures detailing what is required from those responsible in order to counter financial crime risks. The policies and procedures require the implementation and embedding of effective controls and monitoring within the businesses of the Group, which in turn requires ongoing changes to systems, technology and operational activities.

The Group is also required to conduct financial crime training for its staff and to report suspicious transactions and activity to appropriate law enforcement.

Comprehensive and risk based financial crime training at a group-wide and business unit level is a key element of effective controls, with the FCA providing guidance on expectations within its Financial Crime Guide. Financial crime is continually evolving. This requires proactive and adaptable responses from the Group so that it is able to deter, detect and disrupt threats and criminality effectively. Even known threats can never be fully eliminated, and there will be instances where the Group may be used by other parties to engage in money laundering and other illegal or improper activities. The Group staff, whom the Group rely heavily upon to identify such activities and report them, have varying degrees of experience in recognising criminal tactics making effective bank-wide mandatory and specialist training provided by the Santander UK Group Anti-Financial Crime Academy more pertinent. Where the Group outsources any of its customer due diligence, customer screening or anti financial crime operations, it remains responsible and accountable for full compliance and any breaches. If the Group is unable to apply the necessary scrutiny and oversight, or if such oversight proves insufficient to detect illegal or improper activities, there remains a risk of regulatory breach and this could have a material adverse effect on the Group's operations, financial condition and prospects.

Over the last decade, AML, CTF, anti-bribery and corruption and sanctions laws and regulations have become, and may continue to become, increasingly complex and detailed. Consequently, financial crime risk has become the subject of enhanced regulatory scrutiny and supervision by regulators globally, and such scrutiny continues to intensify. To manage regulatory scrutiny, the Group, requires improved systems, sophisticated monitoring and skilled compliance personnel. Navigating the increasing complexity of financial crime regulation is a significant challenge, involving overlapping requirements between different legislation, and, in some instances, conflicts of laws. The divergence of policy approaches between the EU/UK and U.S. in the area of financial sanctions is one such obstacle.

UK AML and CTF legislation continues to change (for instance through regular updates to the UK's list of third countries identified as high-risk countries) which can lead to substantial amendments to the Group's AML and CTF procedures and policies, with additional training and guidance required for employees. Further such amendments will be required going forward to reflect changes to UK laws and government policy following the end of the July 2021 twin-track consultation on the effectiveness and content of the UK's Money Laundering Regulations. While there are opportunities to increase effectiveness and efficiency in the overall anti-financial crime system, there are also risks of legislative

and regulatory divergence from EU requirements. Significant change could adversely impact the Group's business by increasing its operational and compliance costs and reducing the value of its assets and operations, which would in turn have a material adverse effect on the Group's operations, financial condition and prospects.

If the Group is unable to fully comply with applicable laws, regulations and expectations, its regulators and relevant law enforcement agencies have the ability and authority to pursue civil and criminal proceedings against it, to impose significant fines and other penalties on it, including requiring a complete review of the Group's business systems, day-to-day supervision by external consultants, imposing restrictions on the conduct of the Group's business and operations and ultimately the revocation of the Group's banking licence. The reputational damage to its business and brand could be severe if the Group was found to have materially breached AML, CTF, anti-bribery and corruption, anti-tax evasion or sanctions requirements. The Group's reputation could also suffer if it were unable to protect the Group's customers or its business from being used by criminals for illegal or improper purposes. Criminal penalties could be imposed upon individuals employed by the Group. Any of these outcomes could have a material adverse effect on the Group's operations, financial condition and prospects.

At an operational level, geo-political, economic and social changes can provide opportunities to financial criminals and alter the risks posed to banks. Effective intelligence and monitoring systems within strengthened public/private partnerships to share knowledge on emerging risks are required to help mitigate these risks. However, there can be no guarantee that any intelligence shared by public authorities or other financial institutions will be accurate or effective in helping the Group to combat financial crime, and if, despite such efforts, the Group fails to combat financial crime effectively then this could have a material adverse effect on the Group's operations, financial condition and prospects.

In addition, while the Group reviews its relevant counterparties' internal policies and procedures (for example, under its correspondent banking relationships) with respect to such matters, the Group, to a large degree, depends upon its relevant counterparties to maintain and properly apply their own appropriate anti-financial crime procedures. Such measures, procedures and compliance may not be completely effective in preventing third parties from using its (and its relevant counterparties') services as a conduit for money laundering (including illegal cash operations) without its (or its relevant counterparties') knowledge. There are also risks that other third parties, such as suppliers, could be involved in financial crime. If the Group is associated with, or even accused of being associated with, financial crime (or a business involved in financial crime), then its reputation could suffer and it could become subject to civil or criminal proceedings that could result in penalties, sanctions and legal enforcement (including being added to "black lists" that would prohibit certain parties from engaging in transactions with it), any one of which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group is subject to tax-related risks

The Group is subject to the substance and interpretation of UK tax laws and is subject to routine review and audit by tax authorities in relation thereto. The Group's interpretation or application of these tax laws may differ from those of the relevant tax authorities. While the Group provides for potential tax liabilities that may arise on the basis of the amounts expected to be paid to the tax authorities, the amounts ultimately paid may differ materially from the amounts provided depending on the ultimate resolution of such matters. In general, changes to tax laws and tax rates, including as a result of policy changes by governments and/or regulators, and penalties for failing to comply with such changes, could have a material adverse effect on the Group's operations, financial condition and prospects. Some of these changes may be specific to the banking/financial services sectors and therefore result in the Group incurring an additional tax burden when compared to other industry sectors.

The Group is exposed to risk of loss and damage from civil litigation and/or criminal legal and regulatory proceedings

The Group faces various legal and regulatory issues that have given rise and may give rise to civil or criminal litigation, arbitration, and/or criminal, tax, administrative and/or regulatory investigations, inquiries or proceedings. Failure to adequately manage the risks arising in connection with legal and regulatory issues, including the Group's obligations under existing applicable laws and regulations or its contractual obligations, including arrangements with its customers and suppliers, or failure to properly implement applicable laws and regulations could result in significant loss or damage including

reputational damage, all of which could have a material adverse effect on the Group's operations, financial condition and prospects.

Additionally, the current regulatory environment, with the continuing heightened supervisory focus, combined with the forthcoming regulatory change initiatives, will lead to material operational and compliance costs. Relevant risks include:

- Regulators, agencies and authorities with jurisdiction over the Group, including the BoE, the PRA and the FCA, HM Treasury, HM Revenue & Customs ("**HMRC**"), the CMA, the Information Commissioner's Office, the Financial Ombudsman Service ("**FOS**"), the PSR, the Serious Fraud Office ("**SFO**"), the National Crime Agency ("**NCA**"), the Office of Financial Sanctions ("**OFSI**") or the Courts, may determine that certain aspects of the Group's business have not been or are not being conducted in compliance with applicable laws or regulations (or that policies and procedures are inadequate to ensure compliance), or, in the case of the FOS, with what is fair and reasonable in the FOS's opinion. Changes in policy, laws and regulations including in relation to Small and Medium Sized Enterprises ("**SMEs**") dispute resolution and liability for authorised push payment fraud and unauthorised payment fraud, may have significant consequences and lead to material implementation, operational and compliance costs.

- An adverse finding by a regulator, agency or authority could result in the need for extensive changes in systems and controls, business policies, and practices coupled with suspension of sales, restrictions on conduct of business and operations, withdrawal of services, customer redress, fines and reputational damage.

- The increased focus on competition law in financial services and concurrent competition enforcement powers for the FCA and PSR may increase the likelihood of competition law related inquiries or investigations initiated by either the CMA or these authorities. In addition, the CMA's widening focus on market outcomes may result in increased reviews by the CMA of the markets in which the Group operates. The Group may be liable for damages to third parties harmed by the Group's conduct of business. For competition law, there are efforts by governments across Europe to promote private enforcement as a means of obtaining redress for harm suffered as a result of competition law breaches. Under the Consumer Rights Act 2015, there is scope for class actions to be used to allow the claims of a whole class of claimants to be heard in a single action in both follow-on and standalone competition cases. The CMA is seeking enhanced consumer protection powers and is considering policy issues that may impact financial services, for example, 'loyalty penalties' and the impact of digitalisation on consumer outcomes There is the potential that the CMA and FCA take different stances on certain policy issues in these spheres.

- The alleged historical or current misselling of, or misconduct in relation to, financial products, such as mortgages, arising from causes such as the alleged overcharging of interest, the alleged inappropriate sale of interest-only mortgages and the alleged unfair use of the standard variable rate and Payment Protection Insurance, including as a result of having sales practices and/or rewards structures that are deemed to have been inappropriate, has given rise to and may give rise to a risk of civil litigation (including claims management company driven legal campaigns). Such matters may in the future give rise to the risk of regulatory enforcement action requiring the Group to amend sales processes, withdraw products or provide restitution to affected customers, any of which may require additional provisions to be recorded in the Group's financial statements and could adversely impact future revenues from affected products. For example, Santander Cards UK Limited (a former GE Capital Corporation entity and distributor of pre-2005 PPI known as GE Capital Bank Limited which was acquired by Banco Santander SA in 2008 and subsequently transferred to Santander UK plc) and a Banco Santander SA subsidiary Santander Insurance Services UK Limited (together the Santander Entities) are involved in a dispute with AXA France IARD and AXA France Vie relating to alleged PPI mis-selling. For more information on this matter and other legal actions and regulatory matters, see Note 31 to the Consolidated Financial Statements.

- The Group may have held and may continue to hold bank accounts for entities or have relationships with entities such as third parties that might be or are subject to scrutiny from various regulators and authorities, including the SFO, the NCA and regulators in the U.S. and

elsewhere, which has led and could in the future lead to the Group's conduct being reviewed as part of any such scrutiny.

- The Group is (and will continue from time to time to be) subject to certain legal or regulatory investigations, inquiries and proceedings, both civil and criminal including in connection with the Group's lending and payment activities, treatment of customers, relationships with the Group's employees, financial crime, and other commercial or tax matters. These may be brought against the Group under UK legal or regulatory processes, or under legal or regulatory processes in other jurisdictions, such as the EU and the U.S., in circumstances where overseas regulators and authorities may have jurisdiction by virtue of its activities or operations. For example, Santander UK is subject to an on-going criminal and tax investigation by the Cologne Prosecution Office and the German Federal Tax Office in relation to historical involvement in German dividend tax arbitrage transactions, as well as an on-going civil regulatory investigation by the FCA in relation to compliance with the Money Laundering Regulations 2007 and potential breaches primarily during the period 2012 to 2017 of FCA principles and rules relating to anti-money laundering and financial crime systems and controls. For more information on these matters and other legal actions and regulatory matters, see Note 31 to the Consolidated Financial Statements.

- In view of the inherent difficulty of predicting the outcome of legal or regulatory proceedings, particularly where opportunistic claimants seek very large or indeterminate damages, cases present novel legal theories, involve a large number of parties or are in the early stages of discovery, or where the approaches of regulators or authorities to legal or regulatory issues and sanctions applied are subject to change, the Group cannot state with confidence what the eventual outcome of any pending matters will be and any such pending matters are not disclosed by name because they are under assessment. The Group's provisions in respect of any pending legal or regulatory proceedings are made in accordance with relevant accounting requirements. These provisions are reviewed periodically. However, in light of the uncertainties involved in such legal or regulatory proceedings, there can be no assurance that the ultimate resolution of these matters will not exceed the provisions currently accrued by the Group. As a result, the outcome of a particular matter (whether currently provided or otherwise) could have a material adverse effect on the Group's operations, financial condition and prospects.

- The developing legal and regulatory regime in which the Group operates requires it to be compliant across all aspects of its business, including the training, authorisation and supervision of personnel and the development of systems, processes and documentation. If the Group fails to be compliant with relevant law or regulation, there is a risk of an adverse impact on its business from more proactive regulatory intervention (including by any overseas regulator which establishes jurisdiction), investigation and enforcement activity leading to sanctions, fines, civil or criminal penalties, or other action imposed by or agreed with the regulatory authorities, as well as increased costs associated with responding to regulatory inquiries and defending regulatory actions. Customers of financial services institutions, including the Group's customers, may seek redress if they consider that they have suffered loss, for example, as a result of the misselling of a particular product, or through incorrect application or enforcement of the terms and conditions of a particular product or in connection with a competition law infringement and the Group's rights under a contract with its customers may in certain circumstances be unenforceable or otherwise impaired.

- The Financial Services and Markets Act 2000 (Designated Consumer Bodies) Order 2013 (the "**Designated Consumer Bodies Order**") was made on 16 December 2013 and came into force on 1 January 2014. The Designated Consumer Bodies Order designates the National Association of Citizens Advice Bureaux, the Consumers' Association, the General Consumer Council for Northern Ireland and the National Federation of Self Employed and Small Businesses as consumer bodies that may submit a 'super-complaint' to the FCA. A 'super-complaint' is a complaint made by any of these designated consumer bodies to the FCA on behalf of consumers of financial services where it considers that a feature, or a combination of features, of the market for financial services in the UK is seriously damaging the interests of these customers. Complaints about damage to the interests of individual consumers will continue to be dealt with by the FOS. If a 'super-complaint' were to be made against a Group entity by a designated consumer body under the Designated Consumer Bodies Order, any response published or action

taken by the FCA could have a material adverse effect on the Group's operations, financial condition and prospects.

Given the: (i) requirement for compliance with an increasing volume of relevant laws and regulations; (ii) more proactive regulatory intervention and enforcement and more punitive sanctions and penalties for infringement; (iii) inherent unpredictability of litigation; (iv) evolution of the jurisdiction of FOS and CMA and related impacts; (v) development of a voluntary dispute resolution service to oversee the resolution of historic complaints from SMEs that meet the relevant eligibility criteria and new complaints from SMEs that would be outside the FOS' proposed revised jurisdiction; (vi) introduction of a voluntary code to enhance protection for customers who are victims of authorised push payment fraud; and (vii) high volume of new regulations or policy changes from multiple regulators and authorities which the Group is mandated to implement within compressed timescales; it is possible that related costs or liabilities could have a material adverse effect on the Group's operations, financial condition and prospects.

7. **Operational Risks**

Failure to successfully apply or to improve the Group's credit risk management systems could have a material adverse effect on the Group's operations, financial condition and prospects

As a commercial banking group, one of the main types of risks inherent in the Group's business is credit risk. For example, an important feature of the Group's credit risk management system is to employ the Group's own credit rating system to assess the particular risk profile of a customer. This system is primarily generated internally, but, in the case of counterparties with a global presence, also builds off the credit assessment assigned by other members of the Santander Group. As this process involves detailed analysis of the customer or credit risk, taking into account both quantitative and qualitative factors, it is subject to human and IT systems errors. In exercising their judgement on current or future credit risk behaviour of the Group's customers, the Group's employees may not always be able to assign a correct credit rating, which may result in a larger exposure to higher credit risks than indicated by the Group's risk rating system. The Group may not be able to detect all possible risks before they occur, or its employees may not be able to effectively apply its credit policies and guidelines due to limited tools available to the Group, which may increase its credit risk.

Any failure to effectively apply, consistently monitor and refine the Group's credit risk management systems may result in an increase in the level of non-performing loans and higher losses than expected, which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's data management policies and processes may not be sufficiently robust

Critical business processes across the Group rely on large volumes of data from a number of different systems and sources. If data governance (including data retention and deletion, data quality and data architecture policies and procedures) is not sufficiently robust, manual intervention, adjustments and reconciliations may be required to reduce the risk of error in the Group's external reports or in reporting to senior management or regulators. Inadequate policies and processes may also affect the Group's ability to use data to service customers more effectively or to improve the Group's product offering. The Group must also comply with requirements under law or regulation which require classification of customers, counterparties, financial transactions or instruments. The Group must also comply with the requirements under law or regulation in respect of the use and protection of customer data and must mitigate the risk of any misuse or loss of data owing to failure of a data management process or an employee breach. Financial institutions that fail to comply with in-country (local) and global regulatory and compliance requirements may face supervisory measures, which could in turn have a material adverse effect on the Group's operations, financial condition and prospects.

The Group's business is subject to risks related to cyber-crime

The Group's systems, software and networks may be vulnerable to unauthorised access, misuse, computer viruses or other malicious code and other events that could have a security impact. The interception, misuse or mishandling of personal, confidential or proprietary information sent to or received from a client, vendor, service provider, counterparty or third party could result in legal liability, regulatory action and reputational harm, and therefore have a material adverse effect on the Group's operations, financial condition and prospects.

In particular, in recent years the computer systems of companies and organisations have been targeted by cyber criminals, activists and nation-state-sponsored groups. Like other financial institutions, the Group manages and holds confidential personal information of customers in the conduct of its banking operations, as well as a large number of assets. Consequently, the Group has been, and continues to be, subject to a range of cyber-attacks, such as malware, phishing and denial of service.

Cyber-attacks could result in the loss of significant amounts of customer data and other sensitive information, as well as significant levels of liquid assets (including cash). In addition, cyber-attacks could give rise to the disablement of the Group's electronic systems used to service its customers. Any material disruption or degradation of the Group's systems could cause information, including data related to customer requests, to be lost or to be delivered to the Group's clients with delays or errors, which could reduce demand for the Group's services and products. As attempted attacks continue to evolve in both scope and sophistication, the Group may incur significant costs in order to modify or enhance its protective measures against such attacks, or to investigate or remediate any vulnerability or resulting breach, or in communicating cyber-attacks to its customers. If the Group fails to effectively manage its cyber security risk, the impact could be significant and may include harm to the Group's reputation and make the Group liable for the payment of customer compensation, regulatory penalties and fines. Factors such as failing to apply critical security patches from its technology providers, to manage out obsolete technology or to update the Group's processes in response to new threats could give rise to these consequences, which, if they occur, could have a material adverse effect on the Group's operations, financial condition and prospects. This might also include significant increases in the premiums paid on cyber insurance policies or changes to policy limits and cover.

In addition, the Group may also be affected by cyber-attacks against national critical infrastructures in the UK or elsewhere, for example, the telecommunications network or cloud computing providers used by the Group. In common with other financial institutions the Group is dependent on such networks to provide digital banking services to its customers, connect its systems to suppliers and counterparties, and allow its staff to work effectively from their homes. Any cyber-attack against these networks could negatively affect its ability to service its customers. As the Group does not operate these networks it has limited ability to protect the Group's business from the adverse effects of cyber-attack against them. Further, the domestic and global financial services industry, including key financial market infrastructure, may be the target of cyber disruption and attack by cyber criminals, activists or governments looking to cause economic instability. The Group has limited ability to protect its business from the adverse effects of cyber disruption or attack against its counterparties and key national and financial market infrastructure. If such a disruption or attack were to occur it could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group is exposed to risk from potential non-compliance with policies, employee misconduct, human error, negligence and deliberate acts of harm or dishonesty, including fraud

The Group is exposed to risk from potential non-compliance with policies, employee misconduct, human error, negligence and deliberate acts of harm or dishonesty, including fraud. It is not always possible to deter or prevent such errors, acts, omissions and failures and the precautions the Group takes to detect and prevent this activity may not always be effective. Any instances could result in regulatory sanctions and cause reputation or financial harm, and therefore have a material adverse effect on the Group's operations, financial condition and prospects.

Any failure to effectively manage changes in the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Group's operations, financial condition and prospects

The Group's businesses and its ability to remain competitive depends to a significant extent upon the functionality of its information technology systems and on its ability to upgrade and expand the capacity of its information technology infrastructure on a timely and cost-effective basis. The proper functioning of the Group's financial control, risk management, credit analysis and reporting, accounting, customer service, financial crime, conduct and compliance and other information technology systems, as well as the communication networks between branches and main data processing centres, are critical to its businesses and its ability to compete. Investments and improvements in the Group's information technology infrastructure are regularly required in order to remain competitive. It cannot be certain that in the future the Group will be able to maintain the level of capital expenditure necessary to support the improvement, expansion or upgrading of its information technology infrastructure as effectively as its

competitors; this may result in a loss of any competitive advantages that the Group's information technology systems provide. Any failure to effectively improve, expand or upgrade its information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Group's operations, financial condition and prospects, and could cause reputational damage to the Group.

In addition, incidents such as the IT outage experienced on 15 May 2021, which temporarily impacted the Group's operations and customers, may require remediation work involving material expenses and delays to the wider information technology infrastructure upgrades and improvements programme, and attract regulatory scrutiny.

From time to time the Group is required to migrate information relating to its customers to new information technology systems. Any failure to manage such migration effectively could have a negative impact on the Group's ability to provide services to its customers and could cause reputational damage to the Group.

The Group expects its programmes of change to have an effect on its risk profile both technological and regulatory. Whether it is the opportunities from adoption of cloud technology, systems to support important regulatory initiatives, or the desire to identify, prioritise and remove obsolete systems from operations, the operational risk associated with programmes of systems change is likely to increase and this will therefore remain an area of key focus in the Group's risk management. There can be no assurance that the Group will not suffer material losses from such operational risks in the future, including those relating to any security breaches which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group may be exposed to unidentified or unanticipated risks despite its risk management policies, procedures and methods and may be exposed to risk related to errors in the Group's risk modelling

The management of risk is an integral part of the Group's activities. The Group seek to monitor and manage its risk exposure through a variety of risk reporting systems. While the Group employs a broad and diversified set of risk monitoring and risk mitigation techniques and strategies, they may not be fully effective in mitigating the Group's risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate.

Some of the Group's tools and metrics for managing risk are based upon its use of observed historical market behaviour. The Group applies statistical and other tools to these observations to arrive at quantifications of its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit its ability to manage its risks. The Group's losses thus could be significantly greater than the historical measures indicate. In addition, the Group's quantified modelling does not take all risks into account. The Group's more qualitative approach to managing those risks could prove insufficient, exposing it to material, unanticipated losses. The Group could face adverse consequences as a result of decisions, which may lead to actions by management, based on models that include errors or are otherwise inadequately developed, implemented or used, or as a result of the modelled outcome being misunderstood. If existing or potential customers or counterparties believe its risk management is inadequate, they could take their business elsewhere or seek to limit their transactions with the Group. These occurrences could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group relies on third parties and affiliates for important infrastructure support, products and services

Third party providers and certain affiliates provide key components of the Group's business infrastructure such as loan and deposit servicing systems, back office and business process support, information technology production and support, internet connections and network access. Relying on these third party providers and affiliates is a source of operational and regulatory risk, including with respect to security breaches affecting such parties and other parties that interact with these providers. As the use and depth of the Group's relationship with these third parties and affiliates increases, including the use of cloud based services, the Group increasingly faces the risk of operational failure with respect to their systems. The Group may be required to take steps to protect the integrity of its operational systems, thereby increasing its operational costs. In addition, any problems caused by these third parties or affiliates,

including as a result of them not providing the Group their services for any reason, or performing their services poorly, could adversely affect the Group's ability to deliver products and services to customers and otherwise conduct its business, which could lead to reputational damage, litigation and regulatory investigations and intervention. Replacing these third party vendors or affiliates could also entail significant delays and expense. Further, the operational and regulatory risk the Group faces as a result of these arrangements may be increased to the extent that it restructures such arrangements. Any restructuring could involve significant expense to the Group and entail significant delivery and execution risk which could have a material adverse effect on the Group's operations, financial condition and prospects.

The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel

The Group's continued success depends in part on the continued service of key members of its senior executive team and other key employees. The ability to continue to attract, develop, train, motivate and retain highly qualified and talented professionals is a key element of the Group's strategy. The successful implementation of the Group's strategy depends on the availability of skilled and appropriate management, both at the Group's head office and in each of its business units. There is also an increasing demand for the Group to hire individuals with digital skills such as data scientist, engineering and designer skill sets. Such individuals are very sought after by all organisations, not just the banking industry, and thus the Group's ability to attract and hire this talent will determine how quickly the bank is able to respond to technological change. If the Group fails to staff its operations appropriately or loses one or more of its key senior executives or other key employees and fails to replace them in a satisfactory and timely manner, it could have a material adverse effect on the Group's operations, financial condition and prospects.

In addition, the financial services industry has and may continue to experience more stringent regulation of employee compensation, which could have an adverse effect on the Group's ability to hire or retain the most qualified employees. If the Group fails or is unable to attract and appropriately develop, motivate and retain qualified professionals, it could have a material adverse effect on the Group's operations, financial condition and prospects.

8. Financial Reporting Risks

The Group's financial statements are based in part on judgements and accounting estimates which, if inaccurate, could cause material misstatement of the Group's future financial results and financial condition.

The preparation of the Consolidated Financial Statements requires management to make judgements and accounting estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of income and expenses during the reporting period. Management evaluates its judgements and accounting estimates, which are based on historical experience and on various other factors that are believed to be reasonable under the circumstances, on an on-going basis. Actual amounts may differ from these accounting estimates under different assumptions or conditions. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

As explained in the Consolidated Financial Statements, no significant judgements have been made in the process of applying the Group's accounting policies, other than those involving estimations about credit impairment losses, provisions and contingent liabilities, pensions and goodwill impairment. Those accounting estimates, as well as the judgements inherent within them, are considered important to the portrayal of the financial results and financial condition because: (i) they are highly susceptible to change from period to period as assumptions are made to calculate the estimates; and (ii) any significant difference between the estimated amounts and actual amounts could have a material impact on the Group's future, financial results and financial condition.

Changes in accounting standards could affect reported earnings

The accounting standard setters and other regulatory bodies periodically change the financial accounting and reporting standards that govern the preparation of the Group's Consolidated Financial Statements. These changes can materially affect how the Group records and reports its financial condition and

financial results. In some cases, the Group could be required to apply a new or revised standard retroactively, resulting in the restatement of prior period financial statements. Any change in reported earnings as a result of the foregoing could have a material adverse effect on the Group's future financial results and financial condition.

RISK FACTORS RELATING TO THE N&C SECURITIES

9. **Risks associated with certain features and other terms and conditions of the N&C Securities**

The N&C Securities are unsecured obligations of the Issuer and do not have the benefit of any deposit protection and investors will lose some or all of their investment if the Issuer fails

All N&C Securities will represent direct, unconditional and unsecured obligations of the Issuer. All N&C Securities will rank *pari passu* and without any preference among themselves and subject to any applicable statutory provisions or judicial order, at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer.

As the N&C Securities are unsecured, investors are dependent on the Issuer's ability to pay all amounts due on the N&C Securities. Investors are therefore subject to the Issuer's credit risk and in the event that the Issuer is subject to resolution, insolvency and administration procedures. Return of an investor's initial capital investment remains dependent on the Issuer's ability to meet its obligations in full.

The N&C Securities issued by Santander UK plc are not savings accounts or deposits of the Issuer or any member of the Santander Group. The N&C Securities are not protected by the UK Financial Services Compensation Scheme or any other government or private protection scheme.

Where the Issuer is unable to meet its payment obligations under the N&C Securities in full, an investor will lose some and possibly all of the amount invested.

The N&C Securities may be redeemed prior to their scheduled maturity and the holder may not be able to reinvest the proceeds at an effective interest rate as high as any interest rate on the N&C Securities

In certain circumstances, the Early Redemption Amount payable on the early redemption of a N&C Security prior to its scheduled maturity may be less than its original purchase price and could be as low as zero. In addition, no amount of interest is payable on early redemption unless the relevant Interest Payment Date has occurred prior to the relevant Early Redemption Date and the relevant amount of interest has not already been paid.

Following early redemption of N&C Securities, the holders of such N&C Securities may not be able to reinvest the redemption proceeds (if any) at an effective interest rate as high as any interest rate or yield (if any) on the N&C Securities and may only be able to do so at a significantly lower rate. Investors in N&C Securities should consider such reinvestment risk in light of other investments available at that time.

N&C Securities may be redeemed early for a number of reasons, including any of the following reasons:

(i) the exercise by the Issuer of a call option, if specified to be applicable in the relevant Issue Terms;

(ii) the receipt by the Issuer of a notice of early redemption of the Preference Shares from the issuer of the Preference Shares for any reason other than a financial product relating to the Preference Shares (such as the N&C Securities) being subject to early redemption;

(iii) the occurrence of certain events or other circumstances in relation to a Reference Item (if any, in respect of the relevant N&C Securities) at the discretion of the Calculation Agent;

(iv) the Issuer determines that its performance under any N&C Security or any arrangements made to hedge the Issuer's obligations under any N&C Security has become unlawful in whole or in part for any reason;

(v) any hedging party being unable to deal in hedging arrangements to hedge the price risk of the Issuer performing its obligations in respect of the N&C Securities;

(vi) the Calculation Agent determines that a change in applicable law or regulation has occurred and solely by reason of the N&C Securities being outstanding, will result in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous;

(vii) If Issuer Tax Call is specified as being applicable in the applicable Issue Terms (and subject to N&C Security Condition 6.5), where the Issuer determines that it will be obliged to account for any present or future taxes, duties, assessments or governmental charges, and such obligation cannot be avoided by the Issuer taking reasonable measures available to it;

(viii) the Calculation Agent determines that an Administrator/Benchmark Event (including, without limitation, any amendment or cessation of a relevant benchmark, any relevant authorisation or registration being refused or suspended, use of the relevant benchmark not being commercially reasonable for reasons related to cost or licensing issues) has occurred and the Issuer elects to redeem the N&C Securities rather than make adjustments to them; or

(ix) following an Event of Default.

The Early Redemption Amount in respect of each N&C Security shall be an amount determined by the Calculation Agent on the same basis as the final redemption amount but determined following the occurrence of the relevant event on the date specified in the relevant notice or, following an Event of Default, the fifth business day following date of the N&C Securityholder's notice. The Early Redemption Amount may be less than the investor's initial investment and therefore an investor may lose some or all of the initial investment.

The Issuer of the N&C Securities may be substituted with another company

The Issuer (or any previously substituted company as issuer from time to time) shall, without the consent of the holders of N&C Securities, be entitled at any time to substitute for the Issuer any affiliate of the Issuer (the "**Substitute Issuer**") as principal obligor in respect of all obligations arising from or in connection with the N&C Securities. Any such substitution is subject to certain conditions, including the creditworthiness of the Substitute Issuer. Nevertheless, substitution of the Issuer for a Substitute Issuer could have a material adverse effect on the return on and value of the N&C Securities.

The terms and conditions of the N&C Securities contain provisions which may permit their modification without the consent of all investors

The Agency Agreement contains provisions for calling meetings of N&C Securityholders to consider matters affecting their interests generally or to pass resolutions in writing or through the use of electronic consents, including, without limitation, modifications of certain provisions of the relevant N&C Securities or Coupons or the Agency Agreement (as the case may be). The provisions permit defined majorities to bind all N&C Securityholders including N&C Securityholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those N&C Securityholders who voted in a manner contrary to the majority.

The N&C Security Conditions also provide that the Issuer may, without the consent of N&C Securityholders, agree to certain modifications of the N&C Securities, including:

(i) certain modifications of the provisions of the N&C Securities, the Coupons or the Agency Agreement which are not prejudicial to the interests of the N&C Securityholders; or

(ii) any modification of any of the provisions of the Conditions, the N&C Securities, the Coupons or the Agency Agreement (as the case may be) which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is made to correct an error, ambiguity or omission such that, in the absence of such correction, the terms of the N&C Securities would not otherwise represent the intended terms of the N&C Securities on which the N&C Securities were sold and have since traded or is to comply with mandatory provisions of applicable law.

Any such modification may cause the N&C Securities to perform differently, and could result in the return on and value of the N&C Securities to be less than if such modification had not been made.

The Issuer may rely on third parties and the N&C Securityholders may be adversely affected if such third parties fail to perform their obligations

The Issuer may be a party to contracts with a number of other third parties that have agreed to perform services in relation to the N&C Securities. For example, the Paying Agents have agreed to perform services in connection with the N&C Securities; and Euroclear and Clearstream, Luxembourg have, in respect of N&C Securities in global form deposited with them ("**Global N&C Securities**"), agreed, *inter alia*, to accept such Global N&C Securities as eligible for settlement and to properly service the same, and to maintain up-to-date records in respect of the total amount or number outstanding of such Global N&C Securities. In the event that any relevant third party was to fail to perform its obligations under the respective agreements to which it is a party, the N&C Securityholders may be adversely affected. For example, the failure on the part of a Paying Agent or clearing system could mean delays or missed payments under the N&C Securities.

10. **Risks associated with the liquidity and value of the N&C Securities**

An active secondary market in respect of the N&C Securities may never be established or may be illiquid and this would adversely affect the ability of an investor to sell the N&C Securities and/or the value at which an investor could sell the N&C Securities

N&C Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their N&C Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for N&C Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. As such, the N&C Securities generally would have a more limited secondary market and more price volatility than conventional securities.

The Issuer cannot predict when market conditions may change and whether, if and when they do change, there will be a more or less liquid market for the N&C Securities as a result. If a trading market were to develop, the N&C Securities could trade at prices that may be higher or lower than the relevant initial issue price and this may result in a return that is greater or less than any interest or other additional amounts payable in respect of the N&C Securities.

In addition, certain N&C Securities have a more limited trading market and experience more price volatility because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such N&C Securities. This may affect the price an investor receives for such N&C Securities, or the ability of an investor to sell such N&C Securities at all.

Application may be made to list an issue of N&C Securities on a stock exchange, as indicated in the applicable Issue Terms. The fact that the N&C Securities may be listed does not necessarily lead to greater liquidity. Additionally, the Issuer is not required to maintain the listing on such stock exchange or any other exchange. The price at which the N&C Securities trade on the relevant stock exchange (or any other exchange on which they are traded or quoted) may not reflect the applicable redemption amount.

If N&C Securities are not traded on any stock exchange, pricing information for such N&C Securities may be more difficult to obtain, and the liquidity and market prices of such N&C Securities may be adversely affected. The liquidity of the N&C Securities may also be affected by restrictions on offers and sales of N&C Securities in some jurisdictions as set forth under "*Subscription and Sale*". Also, to the extent N&C Securities of a particular issue are cancelled or redeemed, as the case may be, the number of N&C Securities of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining N&C Securities of such issue. A decrease in the liquidity of an issue of N&C Securities may cause, in turn, an increase in the volatility associated with the price of such issue of N&C Securities.

As part of its issuing, market-making and/or trading arrangements, the Issuer may issue more N&C Securities than those which are to be subscribed or purchased by third party investors. The Issuer (or any of its affiliates) may hold such N&C Securities for the purpose of meeting any investor interest in the future. Prospective investors in the N&C Securities should therefore not regard the issue size of any Series as indicative of the depth or liquidity of the market for such Series, or of the demand for such Series.

Each of the Issuer, any Dealer and any financial intermediary may, but is not obliged to, at any time purchase N&C Securities at any price in the open market or by tender or private treaty. Any N&C Securities so purchased may be held or resold or surrendered for cancellation. A Dealer or any financial intermediary may, but is not obliged to, be a market-maker for an issue of N&C Securities. Even if a Dealer or any financial intermediary is a market-maker for an issue of N&C Securities, the secondary market for such N&C Securities may be limited. To the extent that an issue of N&C Securities becomes illiquid, an investor may have to await redemption of such N&C Securities to realise their value.

The Issue Price of the N&C Securities may be more than the market value of such N&C Securities as at the Issue Date, and the price of the N&C Securities in secondary market transactions

The Issue Price in respect of any N&C Securities specified in the relevant Issue Terms may be more than the market value of such N&C Securities as at the relevant Issue Date, and the price, if any, at which the relevant Dealer(s) or any other person willing to purchase such N&C Securities in secondary market transactions. In particular, the Issue Price in respect of any N&C Securities may not reflect their inherent value and may take into account several types of proceeds, benefits or costs to the Issuer. These may include amounts with respect to inducements, commissions and/or other fees (including fees to be paid to distributors and/or introducing brokers) relating to the issue and sale or distribution of such N&C Securities as well as up-front payments or other amounts relating to the hedging of the Issuer's obligations under such N&C Securities. Secondary market prices are likely to exclude such amounts. In addition, pricing models of relevant market participants may differ or produce a different result. Additionally, the N&C Securities are linked to the value of Preference Shares and the performance of the relevant reference item(s) to which the relevant Preference Shares relate (such underlying reference item(s), the "**Preference Share Underlying(s)**") may be such that, as at the Issue Date, the market value of the N&C Security is less than the Issue Price. This can cause a difference between the theoretical value of the N&C Securities and any bid and offer prices quoted by the Issuer, any Affiliate or any third party in the secondary market. Such differences may be greater when the N&C Securities are initially traded on any secondary markets and the N&C Securities may gradually decline in value during the term of the N&C Securities. The sale of the N&C Securities in the secondary market could therefore result in a loss of all or part of the original Issue Price (or other purchase price).

The market value of the N&C Securities at any time is dependent on other matters in addition to the credit risk of the Issuer and the performance of the Preference Shares

The market value of the N&C Securities at any time will be affected by a number of factors including:

(i) market interest and yield rates;

(ii) fluctuations in currency exchange rates;

(iii) the creditworthiness of the Issuer;

(iv) liquidity of the N&C Securities and/or of Preference Share Underlying(s) in the secondary market;

(v) the time remaining to any redemption date or maturity date, as the case may be;

(vi) the performance of the relevant Reference Item(s), where the interest amount is determined by reference to the performance of such Reference Item(s), and the performance of the Preference Shares; and

(vii) numerous other events (e.g. economic, financial, regulatory, political, terrorist or military events) in one or more jurisdictions, including factors affecting capital markets generally or the stock exchanges on which any of the N&C Securities, the Preference Shares Underlying(s) or other Reference Item(s) may be traded.

The amount(s) which are or may be payable in respect of N&C Securities are typically expected to be but may not be greater than the trading price of such N&C Securities at any time prior to redemption. The sale of N&C Securities in the secondary market could result in a loss from the original purchase price.

Effect of credit ratings assigned to the Issuer

The value of the N&C Securities is expected to be affected, in part, by investors' general appraisal of the Issuer's creditworthiness. Such perceptions are generally influenced by the ratings accorded to the Issuer's outstanding securities by standard statistical rating services. A reduction in the rating, if any, accorded to outstanding debt securities of the Issuer by one of these rating agencies could result in a reduction in the trading value of the N&C Securities.

A credit rating assigned to the Issuer may not reflect the potential impact of all of the risks related to the structure, market, type of return or suitability of the N&C Securities as an investment but may affect the value of the N&C Securities. Any rating agency may lower its ratings or withdraw its rating if, in the sole judgement of the rating agency, the credit quality of the Issuer has declined or is in question. In addition, at any time any rating agency may revise its relevant rating methodology with the result that, amongst other things, any rating assigned to the Issuer may be lowered.

If any rating assigned to the Issuer is lowered or withdrawn, the secondary market value of any N&C Securities may be reduced.

The N&C Securities may have a Minimum Tradable Size

Prospective investors should be aware that for any N&C Security which has a Minimum Tradable Size specified in the applicable Issue Terms and a smaller minimum Specified Denomination, it is possible that such N&C Securities may only be traded in a nominal amount, for a consideration or in the number, as the case may be, that is at least equal to the Minimum Tradable Size.

In such a case, a holder who holds a nominal amount or number of N&C Securities or wishes to transfer a nominal amount or number of N&C Securities which is less than the Minimum Tradable Size will be unable to sell or transfer such holding. If a holder holds a nominal amount or number of N&C Securities that is less than the Minimum Tradable Size, in order for such holder to sell or transfer its holding of N&C Securities such holder would first need to purchase such additional identical N&C Securities such that it is in a position to sell or transfer a total nominal amount or number, as the case may be, of N&C Securities at least equal to the Minimum Tradable Size. Investors should be aware that it may not always be possible to purchase such additional N&C Securities and as such they may be unable to sell or transfer any such holding.

If N&C Securities which have a Minimum Tradable Size are in definitive form, holders should be aware that definitive N&C Securities with a denomination that is less than the Minimum Tradable Size may be illiquid or difficult to trade.

Investors who hold less than the minimum Specified Denomination may be unable to sell their N&C Securities and may be adversely affected if definitive N&C Securities are subsequently required to be issued

In relation to any issue of N&C Securities which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such N&C Securities may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination.

In such a case, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of N&C Securities at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time, may not receive definitive N&C Securities in respect of such holding (should definitive N&C Securities be printed) and would need to purchase a principal amount of N&C Securities at or in

excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such N&C Securities in definitive form are issued, holders should be aware that definitive N&C Securities which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Discontinuation or withdrawal of offer period

Unless otherwise specified in the applicable Issue Terms, the offer period in relation to any N&C Securities may be discontinued or extended at any time.

In addition, the Issuer and/or the other entities indicated in the Issue Terms will have the right to withdraw or revoke the offer, and the offer will be deemed to be null and void according to the terms indicated in the applicable Issue Terms. In such case, any amounts segregated by a distributor or financial intermediary as intended payment of the offer price by an investor will be released to the relevant investor by the distributor or financial intermediary but may or may not accrue interest depending on the agreements between the investor and the relevant distributor or financial intermediary or depending on the policies applied by the distributor or financial intermediary in this regard. In these circumstances, there may also be a time lag in the release of any such amounts and, unless otherwise agreed with the relevant distributor or financial intermediary, no amount will be payable as compensation and the investor may be subject to reinvestment risk.

Unless otherwise provided in the applicable Issue Terms, the Issuer and/or the other entities specified in the applicable Issue Terms may terminate the offer early by immediate suspension of the acceptance of further subscription requests. Any such termination may occur even where the maximum amount for subscription in relation to that offer (as specified in the applicable Issue Terms), has not been reached. In such circumstances, the early closing of the offer may have an impact on the aggregate number of N&C Securities issued and therefore may have an adverse effect on the liquidity of the N&C Securities.

Furthermore, under certain circumstances, the Issuer and/or the other entities indicated in the applicable Issue Terms will have the right to postpone the originally designated Issue Date. For the avoidance of doubt, this right applies also in the event that the Issuer publishes a supplement to this Base Prospectus in accordance with the provisions of the UK Prospectus Regulation. In the event that the issue date is so delayed, no compensation or amount in respect of interest shall be payable or otherwise accrue in relation to such N&C Securities unless otherwise agreed between the investor and the relevant distributor or the policies of the distributor or financial intermediary so provide.

11. **Risks associated with the structure of a particular issue of N&C Securities**

The inclusion of an Issuer call option in respect of N&C Securities will generally mean that (a) the holder will not be able to participate in any future upside performance of the Preference Shares (had they remained outstanding) and in turn the Preference Share Underlying following the effective date of the Issuer call option, (b) the market value of the N&C Securities may be limited and (c) if the call option is exercised, the holder may not be able to reinvest the proceeds at an effective interest rate as high as any interest rate or rate of return on the N&C Securities

If the applicable Issue Terms specify that the N&C Securities are redeemable at the option of the Issuer, the Issuer may redeem such N&C Securities at times when the prevailing interest rates may be relatively low. As a consequence, the yields (if any) received upon redemption may be lower than expected, and the redeemed face amount of the N&C Securities may be lower than the purchase price for the N&C Securities paid by the N&C Securityholder. As a consequence, part of the capital invested by the N&C Securityholder may be lost, so that the N&C Securityholder in such case would not receive the total amount of the capital invested. Accordingly, an investor generally will not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate, if applicable, as high as that of the N&C Securities. Furthermore, during any period when the Issuer may elect to redeem the N&C Securities, the market value of those N&C Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period.

The value of Fixed Rate N&C Securities may be adversely affected by movements in market interest rates

Fixed Rate N&C Securities are subject to the risk that if the market interest rates subsequently increase above the rate paid on the Fixed Rate N&C Securities, this will adversely affect the value of the Fixed Rate N&C Securities and may result in a loss to the investor.

N&C Securities which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities

N&C Securities with floating interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market value may be more volatile than those for securities that do not include these features. Depending on the terms of the N&C Securities, an investor may receive substantially less or no interest at all on such Floating Rate N&C Securities.

Leverage factors (including multiplier): N&C Securities which include a leverage factor (such as potentially a "participation" term in the payout formula) magnify gains and losses. Therefore, holders of N&C Securities with such leverage features risk realising a worse return on the N&C Securities than in the absence of such leverage feature and, depending on the terms of the N&C Securities, investors could lose some or all of their investment. See also "*The market value of N&C Securities and the interest amount(s) payable on the N&C Securities may be affected due to the application of leverage or reduced exposure in the structure*" below.

Cap: where the terms and conditions of the N&C Securities provide that the amount payable or underlying(s) deliverable is subject to a pre-defined cap or maximum payout, the investor's ability to participate in any positive performance in the underlying asset will be limited to the capped or maximum payout, regardless of any outperformance of the underlying asset and there is a risk that the Investor would receive a higher return on a similar product without such pre-defined cap or maximum payout feature.

Floor: where the terms and conditions of the N&C Securities provide that the amount payable or underlying(s) deliverable is subject to a pre-defined floor or minimum payout, the investor's ability to participate in any negative performance in the underlying asset will be limited (for a "bearish" product) to the capped or maximum payout, regardless of any outperformance of the underlying asset. It is possible that the cost of the pre-defined floor or minimum payout feature may offset some of the upside return could otherwise be payable on the N&C Securities. There is a risk that the investor would receive a higher return on a similar product without such pre-defined floor or minimum payout feature.

If the Issuer has the right to convert the interest rate on any N&C Securities from a fixed rate to a floating rate, or vice versa, this may affect the secondary market value of the N&C Securities concerned

Fixed/Floating Rate N&C Securities are N&C Securities which may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the N&C Securities since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate N&C Securities may be less favourable than the then prevailing spreads on comparable floating rate notes relating to the same reference rate. In addition, the new floating rate at any time may be lower than the interest rates payable on other N&C Securities. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than the then prevailing market rates. This may result in a loss to the investor.

Discontinuation or unavailability of a floating rate

If the N&C Securities are Floating Rate N&C Securities and the relevant interest rate referenced by such N&C Securities is discontinued or otherwise unavailable, amounts payable on the N&C Securities which reference such interest rate will be determined for the relevant period by the fall-back provisions applicable to such N&C Securities which may (depending on market circumstances at the relevant time) not operate as intended. Depending on the manner in which the relevant interest rate is to be determined under the Conditions and subject as provided in "*The regulation and reform of certain published rates, indices and other values or benchmarks may adversely affect the value of and return on N&C Securities*

linked to such values or benchmarks" and "*Benchmark Transition Event*" below, this may in certain circumstances (i) be reliant upon the provision by reference banks of offered quotations for the interest rate or bid and offered quotations for the fixed leg of interest rate swap transactions (as applicable) which, depending on market circumstances, may not be available at the relevant time or (ii) in the case of an interest rate where the applicable fall-back is to use the rate which applied in the previous period when the relevant interest rate was available, result in the effective application of a fixed rate based on the rate which applied in the previous period. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any of the N&C Securities, and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

The market continues to develop in relation to SONIA and €STR as reference rates

Where the applicable Issue Terms for a Series of N&C Securities identifies that the Rate of Interest for such N&C Securities will be determined by reference to SONIA or €STR (each a "**New Reference Rate**"), the Rate of Interest will be determined (potentially amongst other things, depending on the type of N&C Securities) by reference to a compounded daily rate, a weighted average daily rate, a single daily rate or an index level based on a compounded daily rate. In each case such rate will differ from the relevant LIBOR or EURIBOR rate in a number of material respects, including (without limitation) that a compounded daily rate or weighted average rate is a backwards-looking, risk-free overnight rate, and a single daily rate is a risk-free overnight non-term rate, whereas LIBOR and EURIBOR are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. As such, investors should be aware that EURIBOR and the New Reference Rates may behave materially differently as interest reference rates for N&C Securities issued under the Programme. The use of any New Reference Rate as a reference rate for Eurobonds is nascent, and is subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such reference rates.

Accordingly, prospective investors in any N&C Securities referencing a New Reference Rate should be aware that the market continues to develop in relation to the New Reference Rates as reference rates in the capital markets and their adoption as an alternative to (as applicable) GBP-LIBOR, EURIBOR or EUR-LIBOR. For example, in the context of backwards-looking rates, market participants and relevant working groups have been assessing the differences between compounded rates and weighted average rates and the basis on which to determine them, and the development and use of certain term rates based on New Reference Rates is already under way in some markets. The adoption of any New Reference Rate may also see component inputs into swap rates or other composite rates transferring from (as applicable) LIBOR, EURIBOR or another reference rate to such New Reference Rate.

The market or a significant part thereof may adopt an application of a New Reference Rate that differs significantly from that set out in the Conditions and used in relation to N&C Securities referencing such New Reference Rate that are issued under the Programme. Furthermore, the Issuer may in future issue N&C Securities referencing a New Reference Rate that differ materially in terms of interest determination when compared with any previous N&C Securities issued under the Programme referencing such New Reference Rate. The development of compounded daily New Reference Rates as interest reference rates for the Eurobond markets, as well as continued development of New Reference Rate based rates for such market and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility or could otherwise affect the market price of any New Reference Rate referenced N&C Securities issued under the Programme from time to time.

Furthermore, the Rate of Interest on N&C Securities which reference a New Reference Rate will only be determined at the end of the relevant Interest Period prior to the relevant Interest Payment Date. It may be difficult for investors in such N&C Securities to estimate reliably the amount of interest which will be payable on such N&C Securities, and some investors may be unable or unwilling to trade such N&C Securities without changes to their IT systems, both of which factors could adversely impact the liquidity of such N&C Securities. Further, in contrast to LIBOR- or EURIBOR-based N&C Securities, if N&C Securities referencing a compounded daily or single daily New Reference Rate are redeemed early and accrued interest is payable on such redemption in respect of a period which is not an Interest Period, the final Rate of Interest payable in respect of such N&C Securities shall only be determined at the due date for redemption.

In addition, the manner of adoption or application of the New Reference Rates as reference rates in the Eurobond markets may differ materially compared with the application and adoption of the New

Reference Rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of the New Reference Rates as reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of N&C Securities referencing any such rate.

To the extent a rate for a New Reference Rate is not published, the applicable rate to be used to calculate the Interest Rate on N&C Securities referencing such New Reference Rate will be determined using the fall-back provisions set out in the Conditions. Any of these fall-back provisions may result in interest payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the N&C Securities if such New Reference Rate had been so published in its current form.

Investors should carefully consider all of these matters when making their investment decision with respect to any such N&C Securities.

Benchmark Transition Event

In the case of certain Floating Rate N&C Securities linked to EURIBOR or a New Reference Rate on issue, the Conditions provide for certain fall-back arrangements in the event that a Benchmark Transition Event occurs. A Benchmark Transition Event may occur if EURIBOR or the relevant New Reference Rate (or in each case any subsequent replacement rate) in relation such Floating Rate N&C Securities ceases to exist or be published or a relevant supervisor publicly announces it is or will become non-representative. In the case of such Floating Rate N&C Securities, these fall-back arrangements include the possibility that the Rate of Interest could be determined by reference to a replacement benchmark rate, and that a spread adjustment may be applied to such replacement benchmark rate, together with the making of certain conforming changes to the Conditions, in each case as determined by the Calculation Agent. Such replacement rate and spread adjustment determination may be based on available alternative rates, relevant governmental body recommendation or selection, practice in the derivatives market or industry-accepted practice and such conforming changes will be as determined appropriate by the Calculation Agent to reflect the adoption of the replacement rate. Any of these fall-back provisions may result in payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the N&C Securities if the previous rate had continued being published in its current form.

To the extent that any N&C Securities reference a rate with respect to which a Benchmark Transition Event is likely to occur during the term of such N&C Securities, prospective investors should be aware that it is therefore likely that the consequences described above will then apply in respect of those N&C Securities.

Euro-system Eligibility in relation to Global N&C Securities issued in NGN form

The ECB maintains and publishes a list of assets which are recognised as eligible collateral for Eurosystem monetary and intra-day credit operations. In certain circumstances, recognition may impact on (among other things) the liquidity of the reference items. Recognition (and inclusion on the list) is at the discretion of the Eurosystem and is dependent upon satisfaction of certain Eurosystem eligibility criteria and rules. If application is made to the European Control Board for any N&C Securities to be recognised and added to the list of eligible assets, there can be no assurance that such N&C Securities will be so recognised, or, if they are recognised, that they will continue to be recognised at all times during their life. None of the Issuer, any Dealer, the Book-Entry Depositary or any agent makes any representation or warranty as to the eligibility of any N&C Security for the Eurosystem.

Certain Considerations relating to Book-Entry Interests

Until and unless definitive N&C Securities in registered form are issued in exchange for the N&C Securities, holders of the Book-Entry Interests will not be considered the owners or holders of N&C Securities with regard to payment. To the extent the N&C Securities are issued in the form of Immobilised Bearer Global N&C Securities, the Book-Entry Depositary or its nominee will be the sole holder of such N&C Securities. The Issuer, the Principal Paying Agent and the Registrar will treat the bearer of the Immobilised Bearer Global N&C Securities as the owner thereof for the purposes of receiving payments and for all other purposes. Upon receipt of amounts owing in respect of the Immobilised Bearer Global N&C Securities, the Book-Entry Depositary will pay the amounts so received to the relevant clearing system(s) for onward payment to applicable owners of Book-Entry Interests in

accordance with their procedures. Accordingly, holders of a Book-Entry Interest must rely on the procedures of the relevant clearing system(s) to exercise any rights and remedies of a N&C Securityholder under the N&C Securities (see "*General Description of the Programme – Form of Notes*" for a description).

Limitations on ownership of Book-Entry Interests

Ownership of Book-Entry Interests will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be affected only through, records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

Accordingly, Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, Luxembourg (as applicable) will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. Limitations on ownership of Book-Entry Interests may impair the ability to own, transfer or pledge Book-Entry Interests. While the Immobilised Bearer N&C Securities are in global form, holders of Book-Entry Interests will not be considered the N&C Securityholders of such N&C Securities for any purpose.

Certain Considerations relating to CREST Depository Interests

Investors who hold interests in the N&C Securities through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") through CREST Depository Interests will not be the legal owners of the N&C Securities (the "**Underlying N&C Securities**") to which such CREST Depository Interests relate. CREST Depository Interests are separate legal instruments from the Underlying N&C Securities and represent indirect interests in the interests of the CREST Nominee (as defined below) in such Underlying N&C Securities. CREST Depository Interests will be issued by the CREST Depository to investors and will be governed by English law.

The Underlying N&C Securities (as distinct from the CREST Depository Interests representing indirect interests in such Underlying N&C Securities) will be held in an account with a custodian. The custodian will hold the Underlying N&C Securities through the relevant Clearance System. Rights in the Underlying N&C Securities will be held through custodial and depositary links through the relevant Clearance System. The legal title to the Underlying N&C Securities or to interests in the Underlying N&C Securities will depend on the rules of the relevant Clearance System in or through which the Underlying N&C Securities are held.

CREST International Nominees Limited or another entity appointed to act as nominee (the "**CREST Nominee**") in accordance with the CREST Global Deed Poll (in the form from time to time contained in Chapter 8 of the CREST International Manual (which forms part of the CREST Manual (as defined below)) (the "**CREST Deed Poll**") will hold the legal title to the Underlying N&C Securities and the direct enforcement right in respect of the Underlying N&C Securities. This could result in a holder of CREST Depository Interests receiving less than, or none of, the full amount payable in respect of the Underlying N&C Securities in the event of any insolvency or liquidation of any relevant intermediary, in particular where the Underlying N&C Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

Rights in respect of the Underlying N&C Securities cannot be enforced by holders of CREST Depository Interests except indirectly through CREST Depository Limited or any successor thereto (the "**CREST Depository**") and the CREST Nominee who in turn can enforce rights indirectly through the intermediary depositaries and custodians described above. The enforcement of rights in respect of the Underlying N&C Securities will therefore be subject to the local law of the relevant intermediary.

These arrangements could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying N&C Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying N&C Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

If a matter arises that requires a vote of N&C Securityholders, the Issuer may make arrangements to permit the holders of Crest Depository Interests to instruct the CREST Depository to exercise the voting rights of the CREST Nominee in respect of the Underlying N&C Securities. However, there is no guarantee that it will be possible to put such voting arrangements in place for holders of CREST Depository Interests.

Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to the CREST International Manual and the CREST Rules applicable to the CREST International Settlement Links Service (in each case as amended, modified, varied or supplemented from time to time (the "**CREST Manual**")). Holders of CREST Depository Interests must comply in full with all obligations imposed on them by such provisions.

Investors in CREST Depository Interests should note that the provisions of the CREST Deed Poll and the CREST Manual (including, for the avoidance of doubt, the provisions of the CREST International Manual and the CREST Rules) contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the CREST Depository as issuer of the CREST Depository Interests. Holders of CREST Depository Interests may incur liabilities pursuant to or resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them and the rights of and returns received by holders of CREST Depository Interests may differ from those of holders of N&C Securities which are not represented by CREST Depository Interests.

Investors in CREST Depository Interests should note that holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Underlying N&C Securities through the CREST International Settlement Links Service.

Investors in CREST Depository Interests should note that none of the Issuer, any Dealer or any Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders acting in connection with CREST Depository Interests or for the respective obligations of such intermediaries, participants or accountholders under the rules and procedures governing their operations.

12. **Risks associated with N&C Securities where interest amounts are linked to one or more Reference Item(s)**

The interest amounts payable on N&C Securities may be dependent on the performance of the underlying Reference Item(s) and therefore subject to risks in relation to the Reference Item(s)

N&C Securities for which the determination of the relevant interest amounts are linked to the performance of Reference Item(s) represent an investment linked to the economic performance of the Reference Item(s) and investors should note that any interest on their investment in such N&C Securities will depend upon the performance of such Reference Item(s).

If interest amounts payable in respect of N&C Securities are linked to the performance of the Reference Item(s), an investor in such a N&C Security must consider the direction, timing and magnitude of an anticipated change in the value of the Reference Item(s). However, it is impossible to make such predictions with any degree of certainty, as the price, performance or investment return of the Reference Item(s) may be subject to sudden and large unpredictable changes over time known as "**volatility**". The volatility of the Reference Item(s) may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the return on the N&C Securities. Potential purchasers should also note that whilst the market value of such N&C Securities linked to such Reference Item(s) will be influenced (positively or negatively) by the performance of such Reference Item(s), any change may not be comparable or directly proportionate to the change in value of such Reference Item(s).

The historical performance of the Reference Item(s) should not be taken as an indication of future performance of such Reference Item(s) during the term of such N&C Security. It is not possible to predict

the future value of the N&C Securities based on such past performance. Actual results will be different, and such differences may be material, and could have a negative impact on the value of and return on the N&C Securities and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

Investors have no claim against any Reference Item

An N&C Security is not equivalent to a direct investment in the Reference Item(s) or any component thereof and will not represent a claim against any Reference Item or any such component and, in the event of any loss, an N&C Securityholder will not have recourse under an N&C Security to any Reference Item. The N&C Securities are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an underlying Reference Item and such entities have no obligation to take into account the consequences of their actions on any N&C Securityholders. Accordingly, investors may receive a lower return on the N&C Securities than they would have received had they invested directly in the Reference Item(s).

The market value of N&C Securities and the interest amount(s) payable on the N&C Securities may be affected due to the application of leverage or reduced exposure in the structure

Where a formula used to determine the interest amount(s) payable with respect to the N&C Securities contains a multiplier participation rate or leverage factor (whether implicit or explicit) greater than one or 100.00 per cent., then the percentage change in the interest amount that may be payable in respect of the N&C Security may be greater than any positive and/or negative performance of the Reference Item(s). N&C Securities which include such multiplier or leverage factor represent a very speculative form of investment, since any loss in the value of the Reference Item(s) may carry the risk of a correspondingly higher loss on the N&C Securities.

Where a formula used to determine the interest amount(s) payable with respect to the N&C Securities contains an explicit or implicit multiplier participation rate or leverage factor of less than one or 100 per cent., then the percentage change in the interest amount that may be payable in respect of the N&C Security may be less than any positive and/or negative performance of the Reference Item(s). N&C Securities which include such multiplier or leverage factor may not benefit from the full extent of any gain in the value of the Reference Item(s), since any gain in the value of the Reference Item(s) may carry the risk of a correspondingly lower gain on the N&C Securities.

Please also see the payout formulars in the Payout Annex together with the Issue Terms in relation to the relevant N&C Securities and the worked examples set out in the section entitled "*How the Return on the N&C Securities is Calculated*".

The worst performing feature means that an investor will be exposed to the performance of each Reference item and in particular the Reference Item which has the worst performance

If the terms and conditions of the N&C Securities provide that the return on the N&C Securities depends on the worst performing Reference Item in the basket of Reference Item(s), the N&C Securityholders will be exposed to the performance of each Reference Item and, in particular, to the Reference Item which has the worst performance. This means that, irrespective of how the other Reference Item(s) perform, if any one or more Reference Item(s) fails to meet a relevant threshold or barrier for the payment of interest or the calculation of any redemption amount, an investor may receive no interest payments and/or could lose some or all of the investor's initial investment.

There are certain risks in N&C Securities that include an averaging feature

The calculation of the performance of a Reference Item in respect of certain N&C Securities may be based on the average of the price or level or other measure of such Reference Item over two or more Averaging Dates (as applicable). The effect of such averaging may be that the performance of the Reference Item will not increase proportionately if the price or level or other measure of the Reference Item temporarily increases but the price or level or other measure of the Reference Item has been correspondingly lower on the remaining averaging dates. Accordingly, the effect of the averaging feature may be to lead to a reduced performance (and therefore a reduced return on the relevant N&C Securities) as compared to the position where the performance of the Reference Item is measured on a single valuation date. On the other hand, a temporary decrease of price or level or other measure of the

Reference Item will also not lead to a proportionate decrease of the performance of the Reference Item if the price or level or other measure of the Reference Item has been correspondingly higher on the remaining averaging dates.

The regulation and reform of certain published rates, indices and other values or benchmarks may adversely affect the value of and return on N&C Securities linked to such values or benchmarks

A number of major interest rates, other rates, indices and other published values or benchmarks are the subject of national and international regulatory reforms including those imposed by Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") and Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA and regulations made thereunder (the "**UK Benchmarks Regulation**") (for more information, see "*Description of the Issuer*" and the section entitled "*Regulation of the Group – Benchmarks Reform*"). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. It prohibits the use in the UK by UK supervised entities of (a) benchmarks provided by UK administrators which are not authorised or registered in accordance with the UK Benchmarks Regulation and (b) benchmarks provided by non-UK administrators where (i) the administrator's regulatory regime has not been determined to be "equivalent" to that of the UK, (ii) the administrator has not been recognised in accordance with the UK Benchmarks Regulation, and (iii) the benchmark has not been endorsed in accordance with the UK Benchmarks Regulation. These reforms have led to the discontinuation or modification of many Interbank Offered Rates ("**IBORs**") and may cause other such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the value of and return on N&C Securities linked to any such value or benchmark.

The UK Benchmarks Regulation could have a material impact on any N&C Securities linked to a benchmark. For example:

(i) any of these reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR, SONIA and €STR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;

(ii) the methodology or other terms of the benchmark may be changed in order to comply with the requirements of the UK Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the benchmark;

(iii) if a benchmark is discontinued or is otherwise unavailable, then the rate of interest on the N&C Securities may be determined for a period by any applicable fall-back provisions under the relevant N&C Securities documentation, although such provisions may not operate as intended (depending on market circumstances and the availability of rates information or quotes from reference banks at the time); or

(iv) the occurrence of an Administrator/Benchmark Event may cause early redemption or adjustment of the N&C Securities which may include selecting one or more successor benchmarks and making related adjustments to the N&C Securities, including if applicable to reflect increased costs.

Separately, the reform and eventual replacement of IBORs with risk-free rates have led to the discontinuation or modification of many IBORs and may cause other such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. These risk-free rates have a different methodology and other important differences from the IBORs that they are to replace.

Any of these developments could have a material adverse effect on the value of and return on N&C Securities linked to any such rates. In summary, as at the date hereof with regard to the potential transition from IBORs to risk-free rates:

(i) GBP LIBOR (and swap rate): GBP LIBOR is now only available in one-month, three-month and six-month tenors, on the basis of an altered (or "synthetic") methodology, and may only be used in legacy contracts. The Working Group on Sterling Risk-Free Rates, as mandated by the

Bank of England and the FCA, has driven a broad-based transition to SONIA across sterling bond, loan and derivative markets, so that SONIA is now established as the primary sterling interest rate benchmark. On 14 December 2020, IBA launched the GBP SONIA ICE Swap Rate.

(ii) USD LIBOR (and swap rate): Certain USD LIBOR tenors are still being published but their use in new financial contracts is widely restricted. On 22 June 2017, the Alternative Reference Rates Committee (the "**ARRC**"), convened by the Board of Governors of the Federal Reserve System and the Federal Reserve Bank of New York (the "**FRBNY**"), identified SOFR, a broad U.S. treasuries repurchase financing rate published by the FRBNY, as the rate that represents best practice for use in new U.S. dollar derivatives and other financial contracts. SOFR is a broad measure of the cost of borrowing cash overnight collateralised by U.S. treasury securities. On 8 November 2021, IBA launched the USD SOFR ICE Swap Rate

(iii) EURIBOR: EURIBOR has been reformed such that it is based on a hybrid methodology. On 13 September 2018, the Working Group on Euro Risk-Free Rates recommended €STR as the new euro risk-free rate, and the European Central Bank began publishing €STR on 2 October 2019. In addition, in May 2021, the Working Group published a set of guiding principles for fallback provisions in new EURIBOR-referencing contracts and financial instruments (including bonds) to address, among other things, the potential future discontinuation of EURIBOR.

(iv) Other IBORs: Similar initiatives are underway in respect of IBORs in various other currencies, including Japanese yen (TIBOR), Hong Kong dollar (HIBOR), Australian dollar (BBSW), Canadian dollar (CDOR) and Swiss franc (CHF LIBOR), which was discontinued at the end of 2021, to transition to identified alternative risk-free rates.

The risk-free rates described above have little, if any, historical track record. The level of any such risk-free rate during the term of the N&C Securities may bear little or no relation to the historical actual or historical indicative data. Prior observed patterns, if any, in the behaviour of market variables and their relation to the risk-free rates, such as correlations, may change in the future.

Such risk-free rates also have different calculation methodologies and other important differences from the IBORs that they replace. Market terms for securities linked to such risk-free rates (such as SONIA or SOFR), such as the spread over the rate reflected in interest rate provisions, may evolve over time, and trading prices of such securities may be lower than those of later-issued securities as a result.

Furthermore, as an overnight rate based on a large volume of interbank transactions or as a rate based on transactions secured by central banks' treasury securities, a risk-free rate (such as SONIA or SOFR) does not measure bank-specific credit risk and, as a result, is less likely to correlate with the unsecured short-term funding costs of banks. This may mean that market participants would not consider any such risk-free rate a suitable substitute or successor for all of the purposes for which LIBOR has historically been used (including, without limitation, as a representation of the unsecured short-term funding costs of banks), which may, in turn, lessen market acceptance of such risk-free rate. An established trading market for debt securities linked to the relevant risk-free rate may never develop or may not be very liquid. If the relevant risk-free rate does not prove to be widely used in the capital markets, the trading price of securities linked to risk-free rates may be lower than those of securities linked to rates that are more widely used. Investors may not be able to sell N&C Securities at all or may not be able to sell N&C Securities at prices that will provide investors with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

There are risks in utilising the N&C Securities for hedging purposes

It may not be possible to use the N&C Securities as a perfect hedge against the market risk associated with investing in a Reference Item. Prospective purchasers intending to purchase N&C Securities to hedge against the market risk associated with investing in a Reference Item should recognise the complexities of utilising N&C Securities in this manner. For example, the value of the N&C Securities may not exactly correlate with the value of the Reference Item. Due to fluctuating supply and demand for the N&C Securities, there is no assurance that their value will correlate with movements of the Reference Item. For these reasons, among others, it may not be possible to purchase or liquidate N&C Securities in a portfolio at the prices used to calculate the value of any Reference Item.

There are risks relating to Inventory N&C Securities which have been issued prior to the date of their purchase

In the case of N&C Securities which have been issued prior to the date of their purchase and which the Dealer has been holding from time to time on its own account ("**Inventory N&C Securities**"), the disclosure in relation to the Reference Item(s) (if any) or Preference Shares to which the relevant Inventory N&C Securities may be linked as set forth in the Issue Terms will have been extracted by the Issuer from publicly available sources but will not have been prepared by, or on behalf of, and will not have been verified by, or on behalf of, the Issuer, the Dealer or any other member of the Santander Group, each of which will have disclaimed any responsibility for such information. Such information may be out of date and none of the Issuer, the Dealer or any other member of the Santander Group shall provide any updated information in relation to the Reference Item(s) (if any) or Preference Share(s). If there has been any change in the Reference Item(s) (if any) or Preference Shares since the date of the Issue Terms, this may have an adverse effect on the pay-out and/or value of the relevant Inventory N&C Securities. Furthermore, any change in the situation or condition of the Issuer since the date of the Issue Terms will not be disclosed and may have an adverse effect on the value of the relevant Inventory N&C Securities and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

N&C Securities which are exposed to one or more emerging markets elements are subject to particular risks

Where the determination of interest amounts in respect of the N&C Securities relate to Reference Items associated with the currencies of, emerging market countries, or the Preference Share Underlying(s) are associated with, or denominated in the currencies of, emerging market countries, investors should note that the risk of the occurrence of and the severity of the consequences of the matters described herein may be greater than they would otherwise be in relation to more developed countries. Emerging markets jurisdictions may be characterised as politically unstable and/or lacking a stable and fully developed economy and financial system and/or lacking in established rule of law. Emerging markets investments generally have greater risks than those from developed jurisdictions including political risk, economic risk, currency risk, market risk, regulatory/legal risk and shareholder risk as further described below:

Political risk: The relative instability of political systems of emerging markets jurisdictions may leave them more vulnerable to public unrest and instability. Such circumstances, in turn, could lead to a reversal of some or all economic or political reform including such policies as confiscatory taxation, exchange controls or expropriation of foreign-owned assets without adequate compensation. Any such policies could have an adverse effect on the value of the Reference Item(s) or the Preference Share Underlying(s) and, in turn, the relevant N&C Securities.

Economic risk: Businesses and governments of emerging markets jurisdictions may be relatively inexperienced in dealing with difficult market conditions (such as the on-going global recession) and may have a limited capital base from which to borrow funds. In addition, an emerging markets jurisdiction may lack a developed banking sector and its financial institutions may not be adequately regulated. These factors, among other economic issues, could affect the functioning of the economy and have a corresponding adverse effect on the performance of the Reference Item(s) or the Preference Share Underlying(s) and, in turn, the relevant N&C Securities.

Currency risk: Reference Item(s), the Preference Share Underlying(s) or N&C Securities denominated in the currencies of emerging markets jurisdictions may be subject to greater volatility and possibly the suspension of the ability to exchange or transfer currency, or the devaluation of the currency.

Market risk: The financial systems and markets of emerging markets jurisdictions may lack the level of transparency and liquidity found in more developed markets. As a result, such markets may suffer from extreme price volatility, price discrepancies and lack of liquidity. Any such circumstances or events may have an adverse effect on the performance of the Reference Item(s) or the Preference Share Underlying(s) and, in turn, the relevant N&C Securities.

Regulatory/Legal risk: In emerging markets jurisdictions there may be less government regulation of business and industry practices, stock exchanges, over-the-counter markets and market participants than in more developed countries. Legislation to safeguard the rights of private ownership and to prevent stock market manipulation may not be fully developed and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation and

may be subject to change with retroactive effect. The holder of Preference Share Underlying(s) of an emerging markets jurisdiction may not be able to pursue legal remedies in the courts of such jurisdictions. Any such circumstances or events may have an adverse effect on the performance of the Reference Item(s) or the Preference Share Underlying(s) and, in turn, the relevant N&C Securities.

N&C Securityholders of N&C Securities with such a nexus to emerging countries are exposed to the risk that such N&C Securities may be less liquid and the prices of such N&C Securities more volatile, thus increasing the risk that such N&C Securityholders may experience a loss on their investment.

N&C Securities incorporating any of the above emerging market features and related risks may be inherently more speculative and riskier than other investments and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

Risks relating to Equity Index Linked Interest N&C Securities

The Issuer may issue Equity Index Linked Interest N&C Securities where the amount of interest payable is dependent upon the level of an equity index or indices and/or by whether that level is equal to, above or below one or more specified levels. Such interest amounts would therefore be dependent upon the economic performance of the specified equity index and be subject to the risks relating to indices as set out in "*Risks relating to Index Linked Preference Shares*" below.

Equity Index Linked Interest N&C Securities may be subject to certain disruption provisions. In particular, the Calculation Agent may determine that an event giving rise to a Disrupted Day (as defined in the Equity Index Linked Conditions) has occurred at any relevant time. Any such determination may have an effect on the timing of valuation, and consequently the value of the N&C Securities. In addition certain extraordinary events may lead to early redemption of the N&C Securities and such an event may have an adverse effect on the value of the N&C Securities. Whether and how such provisions apply to the N&C Securities can be ascertained by reading the Equity Index Linked Conditions in conjunction with the applicable Issue Terms.

Risks relating to Inflation Index Linked Interest N&C Securities

The Issuer may issue Inflation Index Linked Interest N&C Securities where the amount of interest payable is dependent upon the level of an inflation/consumer price index or indices and/or whether the level of inflation/consumer price index or indices is equal to, above or below one or more specified levels. Such interest amounts would therefore be dependent upon the economic performance of the specified inflation/consumer price index and be subject to the risks relating to indices as set out in "*Risks relating to Index Linked Preference Shares*" below.

Inflation Index Linked Interest N&C Securities may be subject to certain disruption provisions or extraordinary event provisions. Relevant events may relate to market disruptions, or other extraordinary events in relation to the relevant level of inflation/consumer price index or indices. If the Calculation Agent determines that any such event has occurred this may delay valuations under the N&C Securities and consequently adversely affect the value of the N&C Securities. In addition, certain extraordinary or disruption events may lead to early redemption of the N&C Securities which may have an adverse effect on the value of the N&C Securities. Whether and how such provisions apply to the relevant N&C Securities can be ascertained by reading the Inflation Index Linked Conditions in conjunction with the applicable Issue Terms.

13. **Risks associated with N&C Securities linked to Preference Shares**

The value of and return on N&C securities is dependent on the performance of the underlying Preference Shares and therefore subject to risks in relation to the Preference Shares

Amounts payable upon redemption of the N&C Securities are determined by reference to the economic performance of specified Preference Shares which will be linked to the economic performance of one or more Preference Share Underlying(s). These Preference Share Underlying(s) may include equities (or baskets of equities) and indices (or baskets of indices) (including equity or inflation indices).

As the amounts payable on redemption of N&C Securities are linked to the level of Preference Shares relative to their initial price, which is in turn linked to the performance of the relevant Preference Share Underlying(s), a purchaser of an N&C Security must consider the direction, timing and magnitude of an

anticipated change in the value of the relevant Preference Share Underlying(s). However, it is impossible to make such predictions with any degree of certainty, as the price, performance or investment return of the Preference Share Underlying(s) may be subject to volatility. The volatility of the Preference Share Underlying(s) may be affected by national and international financial, political, military or economic events, including governmental actions, or by the activities of participants in the relevant markets. Any of these events or activities could adversely affect the return on the N&C Securities. Assuming all other factors are held constant, the lower the value of the Preference Shares and the shorter the remaining term to redemption, the greater the risk that purchasers of such N&C Securities will lose all or part of their investment. In contrast to a direct investment in the relevant Preference Share Underlying(s), the N&C Securities only represent the right to receive payment of the Final Redemption Amount(s) and, whilst the redemption amount of the N&C Securities is linked to the market value of Preference Shares which will be influenced (positively or negatively) by the part of the Preference Share Underlying(s) in respect of the relevant Preference Shares, any change may not be comparable to a direct investment in such Preference Share Underlying(s) and may be disproportionate.

The historical performance of the Preference Shares or any relevant Preference Share Underlying(s) should not be taken as an indication of future performance of such Preference Shares or such Preference Share Underlying(s) during the term of such N&C Security. It is not possible to predict the future value of the N&C Securities based on such past performance. Actual results will be different, and such differences may be material, and could have a negative impact on the value of and return on the N&C Securities.

Fluctuations in the value and/or volatility of the relevant Preference Share Underlying(s) will affect the value of the relevant Preference Shares and as a result, the value of the N&C Securities and the return on investment for N&C Securityholders. Other factors which may influence the market value of the Preference Shares and as a result, the value of the N&C Securities, include interest rates, potential dividend or interest payments (as applicable) in respect of the relevant Preference Share Underlying(s), changes in the method of calculating the relevant Preference Share Underlying(s) from time to time and market expectations regarding the future performance of the relevant Preference Share Underlying(s) and its composition.

The value of the Preference Shares and the relevant Preference Share Underlying(s) may be observed for valuation purposes at a particular time(s) on a particular day(s). The value of the Preference Shares and the relevant Preference Share Underlying(s) may move significantly in very short periods of time. As such, prospective purchasers should be aware that the value observed for the Preference Shares and/or the relevant Preference Share Underlying(s) may not reflect the value of the Preference Shares and/or the relevant Preference Share Underlying(s) which have prevailed at other times on the relevant valuation day or in the period immediately preceding such day. Whilst the terms of the Preference Shares may include provisions to allow postponement of valuation of the relevant Preference Share Underlying(s) in the event of certain disruptions in the market, not all significant market movements will be covered by these provisions. Depending on the relevant Preference Share Underlying(s) for the Preference Shares, the volatility of prices at the opening or closing of relevant markets (which is traditionally caused as many trades are executed at such time) may itself have an effect on the prices of the Preference Shares and consequently the N&C Securities. Such volatility may have a negative impact on the return on N&C Securities.

The price at which a N&C Securityholder will be able to sell N&C Securities prior to maturity may be at a discount, which could be substantial, to the market value of such N&C Securities on the Issue Date, if, at such time, the value of the Preference Shares is below, equal to or not sufficiently above the value of the Preference Shares on the Issue Date. If an investor decides to sell their N&C Securities prior to maturity, when the current price of the Preference Share(s) at the time of sale is favourable relative to its initial price, it may nonetheless receive substantially less than the amount that would be payable at maturity based on that level, value or price because of expectations that the level, value or price will continue to fluctuate until the final price is determined.

Credit risk of the Preference Share Issuer

If the Preference Share Company were to experience financial difficulties the Preference Share Company may be unable to fulfil its obligations under the applicable terms and conditions of the class of Preference Shares. In this scenario the value of the Preference Shares would be adversely affected and could be zero. As the N&C Securities linked to Preference Shares track the change in value of the Preference Shares

any such reduction in the value of the Preference Shares is expected to have a corresponding effect on the value of the N&C Securities linked to Preference Shares and the redemption amount payable at their maturity.

The Preference Shares may be early redeemed and affect the value and return of the N&C securities

The issuer of the relevant Preference Shares (the "**Preference Share Issuer**") may early redeem or cancel the Preference Shares if the Preference Share Issuer or the calculation agent in respect of the Preference Shares (the "**Preference Share Calculation Agent**") (on behalf of the Preference Share Issuer) determines that:

(i) any event occurs in respect of which the adjustment provisions under the terms and conditions of the Preference Shares provide the Preference Shares may be redeemed; or

(ii) the performance of the obligations of the Preference Share Issuer under the Preference Shares, or any relevant hedging arrangement made to hedge the Preference Share Issuer's obligations under the Preference Shares, has or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power, or the interpretation thereof; or

(iii) a change in applicable law or regulation occurs that in the determination of the Preference Share Calculation Agent results, or will result, by reason of the Preference Shares being outstanding, in the Preference Share Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation or tax considered by the Preference Share Issuer to be onerous to it; or

(iv) the Preference Share Issuer is notified that any related financial product (such as the N&C Securities) has become subject to early redemption.

If the Issuer receives a notice from the Preference Share Issuer of early redemption of the Preference Shares, each N&C Security shall be redeemed at its Early Redemption Amount.

The Early Redemption Amount in this case is determined taking into account the value of the Preference Shares immediately prior to the time of the early redemption of the N&C Securities and such Preference Share value in turn may take into account deduction of certain costs of the Preference Share Issuer and also certain costs of issuers and their hedging counterparties in relation to financial products (such as the N&C Securities) related to the Preference Shares. This may mean the value of the Preference Shares and consequently the Early Redemption Amount in respect of the N&C Securities may be less than the investor's initial investment and therefore an investor may lose some or all of the initial investment.

Investors have no claim against any Preference Share or any Preference Share Underlying

An N&C Security will not represent a claim against any Preference Share or any Preference Share Underlying and, in the event of any loss, an N&C Securityholder will not have recourse under an N&C Security to any Preference Share or any Preference Share Underlying. The N&C Securities are not in any way sponsored, endorsed or promoted by any issuer, sponsor, manager or other connected person in respect of an underlying Preference Share or any Preference Share Underlying and such entities have no obligation to take into account the consequences of their actions on any N&C Securityholders. Accordingly, investors may receive a lower return on the N&C Securities than they would have received had they invested directly in the Preference Share Underlying(s).

14. **Risks relating to Preference Share Underlyings**

The value of the Preference Shares will be linked to the economic performance of the relevant Preference Share Underlying(s). Potential investors in N&C Securities linked to Preference Shares should be aware that, depending on the terms of the Preference Shares, payments may occur at a different time than expected and they may lose all or a substantial portion of their investment if the value of the Preference Shares, determined by reference to the value of the Preference Share Underlying(s), does not move in the anticipated direction.

In addition, the movements in the level or price of the Preference Share Underlying(s) may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices or shares and the timing of changes in the relevant level or price of the Preference Share Underlying(s) may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the level or price of Preference Share Underlying(s) or result of a formula, the greater the effect on yield to investors.

If amounts payable under the Preference Shares are determined in conjunction with a multiplier greater than one or by reference to some other leverage factor, the effect of changes in the level of the Preference Share Underlying(s) on the Preference Shares will be magnified. This may, in turn, be reflected in the market value of the Preference Shares (which will be relevant to calculating the Final Redemption Amount, any Optional Redemption Amount or any Early Redemption Amount of the N&C Securities).

Prospective purchasers should review the Base Prospectus, the relevant Issue Terms and the terms and conditions of the relevant Preference Shares to ascertain whether and how adjustment provisions apply to the Preference Shares, the potential for the Preference Shares to be cancelled or redeemed and the effect of such adjustments on the N&C Securities.

Risks relating to Index Linked Preference Shares

The performance of the Preference Shares may be dependent on the level of or changes in the level of an index or a basket of indices ("**Index Linked Preference Shares**"). The relevant index or indices may be equity indices or inflation indices, and may be a well-known and widely published or available index or indices or an index or indices established by the Issuer or another entity which may not be widely published or available. The market price of N&C Securities linked to Index Linked Preference Shares may be volatile and may depend on the time remaining to the redemption date and the volatility of the level of the index or indices. The level of the index or indices may be affected by the economic, financial and political events in one or more jurisdictions, including the stock exchange(s) or quotation system(s) on which any securities notionally comprising the index or indices may be traded.

Various unpredictable factors may affect the performance of equity indices

Equity indices are comprised of a synthetic portfolio of shares, and as such, the performance of an equity index is dependent upon the macroeconomic factors relating to the shares that underlie such equity index, such as interest and price levels on the capital markets, currency developments, political factors as well as company-specific factors such as earnings position, market position, risk situation, shareholder structure and distribution policy, as well as the index composition, which may change over time. Any one or a combination of such factors could adversely affect the performance of the equity index which, in turn, would have an adverse effect on the value of the Preference Share(s) and therefore on the value of and return on the N&C Securities. Depending on the terms of the N&C Securities, investors could lose some or all of their investment.

Actions by the equity index sponsor may negatively affect the Preference Shares

The sponsor of the equity index(s) will have no involvement in the offer and sale of the securities linked to or referencing such equity index(s) and will have no obligation to the holders of such securities. For example, the sponsor can add, delete or substitute the components of an index at its discretion, and may also alter the methodology used to calculate the level of the equity index. The sponsor may also alter, discontinue or suspend calculation or dissemination of the equity index. Any of these actions may have a detrimental impact on the level of the equity index, which in turn could have a negative impact on the value of the Preference Shares and consequently on the amount payable on the N&C Securities. Depending on the terms of the N&C Securities, investors could lose some or all of their investment.

The return on Index Linked Preference Shares may be lower than a direct investment in the components of an underlying index

The return on Index Linked Preference Shares may be less than the return on a direct holding of the shares of the companies comprising the components of the equity index. This is because the closing index level on any specified valuation date may reflect the prices of such index components without taking into account any dividend payments on those component shares. Accordingly, the return on Index Linked Preference Shares may be lower than a direct investment in those shares.

The rules governing the composition and calculation of the relevant equity index may stipulate that dividends distributed on its components are included in the calculation of the index level (a "**total return**" version of the index) or are not included in the calculation of the equity index level (a "**price return**" version of the equity index). In the case of a "price return" index, the relevant N&C Securities will not have the benefit of participating in dividends or other distributions paid on the components comprising the equity index and (assuming the N&C Securities are not "bearish" in nature) the N&C Securities would not perform as well as an investment directly in such components or an investment in a "total return" version of the equity index. Even if the rules of the relevant equity index provide that distributed dividends or other distributions of the components are reinvested in the equity index, in some circumstances the dividends or other distributions may not be fully reinvested in such equity index. Accordingly, investors may receive a lower return on N&C Securities linked to equity indices than investors would have received if they had invested in the components of such equity indices directly or in another product.

If the relevant equity index has a decrement feature, the return on such equity index will be calculated by reinvesting all gross dividends paid by such equity index and by subtracting a pre-defined dividend (also known as a synthetic dividend). If the actual ordinary dividends paid by such equity index is lower than the pre-defined dividends, the performance of the equity index will be less than a traditional "price return" index. As a result, the return of the N&C Securities may be lower than the return of an investment linked to the price of a traditional "price return" index. A decrement feature may also act as a drain on the performance of the equity index, and the index level will not reflect the aggregate performance of the underlying total return index but a lesser amount. As a result, the return of the N&C Securities may be lower than the return of an investment linked to the price of a "total return" index. Each of these factors may in turn have a negative impact on the value of and return on the N&C Securities and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

The level of an Inflation Index may not correlate with other indices or otherwise not track the actual level of inflation in the relevant jurisdiction

A relevant consumer price index or other formula linked to a measure of inflation to which the Preference Shares are linked may be subject to significant fluctuations that may not correlate with other indices. Any movement in the level of the index may result in a reduction of the amount payable on the N&C Securities (if applicable).

The timing of changes in the relevant consumer price index or other formula linked to the measure of inflation comprising the relevant index or indices may affect the actual yield on the Preference Shares, even if the average level is consistent with expectations.

An index to which payments of Index Linked Preference Shares are linked is only one measure of inflation for the relevant jurisdiction, and such Index may not correlate perfectly with the rate of inflation experienced by N&C Securityholders in such jurisdiction.

The occurrence of an index adjustment event or the replacement of the index sponsor by a successor index sponsor may have a negative effect on the N&C Securities

If the sponsor of an equity index makes a material alteration to the equity index or cancels the equity index and no successor exists, or if the sponsor fails to calculate and announce the Index, with the effect that the Index may not be used in certain ways by the Issuer or the Calculation Agent, the Calculation Agent shall, if it determines the event to have a material effect on the N&C Securities, calculate the level of the equity index according to the previous formula and method. Any such action may have a negative effect on the value and return on the N&C Securities.

If the Calculation Agent believes that the proposed action above would not achieve a commercially reasonable result, the Issuer may redeem the N&C Securities early.

If an equity index is calculated by a successor index sponsor, or, is replaced by a successor equity index, the successor equity index or equity index as calculated by the successor index sponsor, will be deemed to be the equity index if approved by the Calculation Agent. Any such successor equity index may perform poorly and may result in the N&C Securities having a value and return that is less than otherwise expected.

Any of these events may have a negative effect on the value of and return on the N&C Securities and, depending on the terms of the N&C Securities, investors could lose some or all of their investment.

United States CFTC "commodity pool" regulations

Unlike an investment in the N&C Securities, an investment in a collective investment vehicle that invests in futures or swap contracts linked to interest rates, exchange rates, broad based credit indices (such as the CDX Index or the iTraxx Index) and broad based equity indices (such as the S&P 500 Index) on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the CFTC as a commodity pool operator. The Issuer's board of directors and the issuer of the Preference Shares will not be registered with the CFTC as commodity pool operators, and the N&C Securityholders will not benefit from the CFTC's or any non-U.S. regulatory authority's regulatory protections afforded to persons who trade in futures or swap contracts or who invest in regulated commodity pools.

Indices to which Index Linked Preference Shares may be indexed may include over the counter contracts (such as swaps and forward contracts) traded on trading facilities that are subject to lesser degrees of regulation or, in some cases, no substantive regulation. As a result, trading in such contracts, and the manner in which prices and volumes are reported by the relevant trading facilities, may not be subject to the same provisions of, and the protections afforded by, the CEA, or other applicable United States or foreign statutes and related regulations, that govern trading on regulated futures exchanges.

In addition, many electronic trading facilities have only recently initiated trading and do not have significant trading histories. As a result, the trading of contracts on such facilities and the inclusion of such contracts in the relevant Index may be subject to certain risks not presented by most exchange related futures contracts, including risks related to the liquidity and price histories of the relevant contracts. At the same time, legislation recently enacted in the United States and pending in the European Union will increase the regulation of many of these over the counter contracts, including in some cases requiring them to be cleared and traded through regulated facilities, although the extent and nature of such regulation will differ from the regulation of futures.

Risks relating to Equity Linked Preference Shares

The performance of the Preference Shares may be dependent on the price of or changes in the price of shares or a basket of shares or the price of a GDR/ADR or a basket of GDRs/ADRs ("**Equity Linked Preference Shares**"). Accordingly, an investment in N&C Securities linked to Equity Linked Preference Shares may bear similar market risks to a direct equity investment and investors should take advice accordingly.

The value of Equity Linked Preference Shares may be volatile and may be affected by the time remaining to the redemption date, the volatility of the share or shares, the dividend rate (if any) and the financial results and prospects of the issuer or issuers of the relevant share or shares as well as economic, financial and political events in one or more jurisdictions, including factors affecting the stock exchange(s) of quotation system(s) on which any such shares may be traded. Any one or a combination of such factors could adversely affect the performance of the share or shares which, in turn, would have an adverse effect on the value of the Preference Share(s) and therefore on the value of and return on the N&C Securities.

Generally no issuer of the relevant share(s) will have participated in the preparation of the relevant issue documents or in establishing the terms and conditions of the Equity Linked Preference Shares and neither the Issuer nor any Dealer will make any investigation or enquiry in connection with such offering with respect to any information concerning any such issuer of shares or in the documents from which such information was extracted. Consequently, there can be no assurance that all events occurring prior to the relevant issue date (including events that would affect the accuracy or completeness of any publicly available information) that would affect the trading price of the share will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning such an issuer of shares could affect the trading price of the share and therefore the value of the Equity Linked Preference Shares, and therefore the value of the N&C Securities and the return on such N&C Securities.

Holders of N&C Securities linked to Equity Linked Preference Shares will not have voting rights or rights to receive dividends or distributions or any other rights with respect to the relevant shares to which such Preference Shares relate.

15. **Risks associated with foreign exchange**

Where the terms and conditions of the N&C Securities provide that payment under such N&C Securities will be made in a currency which is different from the currency of the Preference Share Underlying(s), changes in a relevant exchange rate may indirectly influence the value of any Preference Share Underlying(s) which, in turn, could have a negative effect on the return on the N&C Securities. In addition:

If an investor holds N&C Securities which are not denominated in the investor's home currency, the investor will be exposed to movements in exchange rates adversely affecting the value of the investor's holding. In addition, the imposition of exchange controls in relation to any N&C Securities could result in an investor not receiving payments on those N&C Securities

The Issuer will pay principal, interest and other amounts on the N&C Securities in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency equivalent yield on the N&C Securities, (2) the Investor's Currency equivalent value of the principal payable on the N&C Securities, and (3) the Investor's Currency equivalent market value of the N&C Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the N&C Securities. As a result, investors may receive less interest or principal than expected, or no interest or principal.

There is generally foreign exchange currency exposure in respect of N&C Securities which provide for payment to be made in a currency which is different from the currency of the Preference Share Underlying(s)

Where the terms and conditions of the N&C Securities provide that payment under such N&C Securities will be made in a currency which is different from the currency of the Preference Share Underlying(s), and such Preference Share Underlying(s) do not have a "quanto" feature (i.e. the Preference Share Underlying(s) themselves take no account of currency rate movements or otherwise hedge the currency risk), there are additional risks. Holders of such N&C Securities may be exposed not only to the performance of the Preference Share Underlying(s) but also to the performance of such foreign currency, which cannot be predicted. Investors should be aware that foreign exchange rates are, and have been, highly volatile and determined by supply and demand for currencies in the international foreign exchange markets, which are subject to economic factors, including inflation rates in the countries concerned, interest rate differences between the respective countries, economic forecasts, international political factors, currency convertibility and safety of making financial investments in the currency concerned, speculation and measures taken by governments and central banks (e.g. imposition of regulatory controls or taxes, issuance of a new currency to replace an existing currency, alteration of the exchange rate or exchange characteristics by devaluation or revaluation of a currency or imposition of exchange controls with respect to the exchange or transfer of a specified currency that would affect exchange rates and the availability of a specified currency). Any such factors and/or measures could have a negative impact on the market value of and return on the N&C Securities and, depending on the terms of such N&C Securities, investors could lose some or all of their investment.

There are risks relating to currency-protected or "quanto" N&C Securities which provide for payment to be made in a currency which is different to the currency of the Preference Share Underlying(s)

If the Preference Share Underlying(s) are not denominated in the currency of the N&C Securities and at the same time only the performance of the Preference Share Underlying(s) in their denominated currency

is relevant to the payout on the N&C Securities, such N&C Securities are referred to as currency-protected N&C Securities or N&C Securities with a "quanto" feature. Under such feature, the investment return of the N&C Securities depends only on the performance of the Preference Share Underlying(s) (in the relevant currency) and any change in the rate of exchange between the currency of the Preference Share Underlying(s) and the N&C Securities is disregarded. Accordingly, the application of a "quanto" feature means that N&C Securityholders will not benefit from any change in the rate of exchange between the currency of the Preference Shares and the N&C Securities that would otherwise increase the performance of the Preference Share Underlying(s) in the absence of such "quanto" feature but will also not be exposed to any such change that would otherwise decrease such performance. Depending on the terms of the N&C Securities, investors could lose some or all of their investment.

16. **Risks associated with taxation**

The United Kingdom tax treatment of the N&C Securities for N&C Securityholders depends on their individual circumstances, the particular terms of the relevant series of N&C Securities and the views of HM Revenue & Customs in respect of the proper application of tax law, regulations and practice to the N&C Securities. Prospective holders should seek their own professional advice.

In particular, potential holders are referred to the section "*Taxation – United Kingdom Taxation*". Any potential holder who purchases any N&C Securities on the basis that they will be treated as "excluded indexed securities" should be aware that HM Revenue & Customs have not approved that treatment or otherwise represented in any way that the N&C Securities will be treated as "excluded indexed securities" or that any profits or gains (other than interest) will be subject to capital gains tax rather than income tax. It is therefore possible that HM Revenue & Customs may not agree with this treatment.

The United Kingdom tax treatment of the N&C Securities may also change during the period between their issue and the date on which they are sold, redeem or otherwise realise value. Such change may be in the form of new legislation or amendments to existing legislation, decisions of the tribunals or courts or changes in HM Revenue & Customs practice, and in each case may affect N&C Securities already in issue and can otherwise be with retrospective effect.

Accordingly, the United Kingdom tax treatment of the N&C Securities for N&C Securityholders may be more onerous than was envisaged at the time when a decision to subscribe for the N&C Securities was taken and, as a consequence, the proceeds received and retained by investors after the application of applicable taxes may be less than N&C Securityholders envisage at the time of purchasing the N&C Securities.

U.S. withholding on dividend equivalent payments

Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") causes a 30 per cent. withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met (such instruments, "**Specified N&C Securities**"). If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – U.S. Dividend Equivalent Withholding*".

For purposes of withholding under the U.S. Foreign Account Tax Compliance Act, commonly known as FATCA, Specified N&C Securities are subject to a different grandfathering rule than other N&C Securities. Prospective investors should refer to the section "*Taxation – Foreign Account Tax Compliance Act*".

17. **Risks associated with conflicts of interest of the Issuer, the Group, the Calculation Agent and the Dealer and the discretionary powers of the Issuer and the Calculation Agent**

Role of Santander UK

Santander UK is acting in a number of capacities (e.g. Calculation Agent, Issuer and Dealer) in connection with the transactions described in this Base Prospectus. Santander UK, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacity and shall not, by virtue of its acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Santander UK, in its various capacities in

connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by its constitutional and other corporate documents, from which it may derive revenues and profits in addition to the fees, if any, stated in its constitutional and other corporate documents, without any duty to account therefor.

In the ordinary course of its business, including without limitation in connection with its market making activities, Santander UK and/or any of its affiliates may effect transactions for its own account or for the account of its customers and hold long or short positions in any Preference Shares, the relevant Preference Share Underlying(s), other Reference Item(s) or related derivatives. In addition, in connection with the offering of any N&C Securities, Santander UK and/or any its affiliates may enter into one or more hedging transactions with respect to any Preference Shares, the relevant Preference Share Underlying(s), other Reference Item(s) or related derivatives. Such hedging or market-making activities or with respect to proprietary or other trading activities by Santander UK and/or any of its affiliates, Santander UK and/or any of its affiliates may enter into transactions in any Preference Shares, the relevant Preference Share Underlying(s), other Reference Item(s) or related derivatives which may affect the market price, liquidity or value of the relevant N&C Securities and which could be deemed to be adverse to the interests of the relevant N&C Securityholders.

There is no limitation or restriction on Santander UK, or any of its respective Affiliates, with regard to acting as adviser (or in a similar role) to other parties or persons. This and other future activities of Santander UK and/or its Affiliates may give rise to additional potential conflicts of interest.

Santander UK in its capacity as Issuer and Dealer may at the date hereof or at any time hereafter, be in possession of information in relation to Preference Shares, the relevant Preference Share Underlying(s) and/or other Reference Item(s) that is or may be material in the context of the N&C Securities and may or may not be publicly available to N&C Securityholders. There is no obligation on Santander UK or any Dealer to disclose to N&C Securityholders any such information.

There may be potential conflicts of interests if intermediaries are appointed in connection with the offer or placement of the N&C Securities

Given that the intermediaries appointed from time to time as distributors and the other entities acting in connection with the offer or placement of the N&C Securities act in their institutional capacity pursuant to a mandate granted by the Issuer and receive fees on the basis of the placement activity carried out and its outcome, such intermediaries generally act in a situation that may give rise to a potential conflict of interest, which may have a negative effect on the investor.

Investors in N&C Securities through an intermediary (including by way of introducing broker) should be aware that the existence of commissions that may be payable to such intermediary in respect of the N&C Securities to the extent permitted by applicable law may give rise to conflicts of interest, as an intermediary may be interested in selling to its customers primarily N&C Securities where it receives the highest commissions. Investors should request details of any such commission or fee payment from such intermediary and any potential conflicts of interest before making any purchase of N&C Securities.

Calculation Agent's discretion

The Calculation Agent (which may be Santander UK or an affiliate of Santander UK) has a very broad discretionary authority to make various determinations and adjustments under the N&C Securities, any of which may have an adverse effect on the value and/or the amounts payable under the N&C Securities. For example, the Calculation Agent has a broad discretion to, without limitation, (i) determine whether a Disrupted Day, Index Adjustment Event, Extraordinary Event and/or any other event and/or matters so specified in the Conditions has occurred, (ii) determine any resulting adjustments and calculations as described in the Conditions and (iii) make determinations in respect of any other matters as may be specified in the applicable Issue Terms. Prospective purchasers should be aware that any determinations made by the Calculation Agent may have an impact on the value and financial return of the N&C Securities. Any such discretion exercised by, or any calculation made by, the Calculation Agent (in the absence of manifest error) shall be binding on the Issuer and all holders of the N&C Securities. An entity (which will likely be Santander UK or an affiliate of Santander UK) will act as calculation agent under the terms of the Preference Shares and may exercise comparable discretions in respect of the Preference Shares, which may in turn affect the value of the N&C Securities.

An issue of N&C Securities or the related Preference Shares may provide that if any scheduled valuation date (including an averaging date) (i) falls on a day which is not a Scheduled Trading Day or any other day which is subject to adjustment in accordance with the terms and conditions of the relevant N&C Securities or Preference Shares and/or (ii) falls on a day in respect of which a disruption or similar event has occurred and is continuing in respect of the Reference Item or Preference Share Underlying(s) which affects the valuation of such Reference Item or Preference Share Underlying(s), the relevant calculation agent has broad discretion to make any consequential postponement of, or any alternative provisions for, valuation of such Reference Item or Preference Share Underlying(s) provided in the terms and conditions of the N&C Securities or Preference Shares, including a determination of the value of such Reference Item Preference Share Underlying(s) by the Calculation Agent in its discretion, each of which may have an adverse effect on the value of the N&C Securities or Preference Shares.

DESCRIPTION OF THE ISSUER

Background

Santander UK plc (the "**Issuer**") was formed as a building society in 1944 under the name Abbey National Building Society and is now a public limited liability company incorporated and registered in England and Wales under the Companies Act 1985. It was incorporated on 12 September 1988 with registered number 2294747.

The principal executive office and registered office of Santander UK plc is at 2 Triton Square, Regent's Place, London, NW1 3AN. The telephone number of Santander UK is +44 (0) 870 607 6000.

As at the date of this Base Prospectus, Santander UK plc is a wholly owned subsidiary of Santander UK Group Holdings plc, which is a subsidiary of Banco Santander, S.A. and its subsidiary Santusa Holding, S.L. together hold the entire issued share capital of Santander UK Group Holdings plc. Banco Santander, S.A. is a publicly listed company and is listed, among other markets, on the *Bolsa de Madrid* (Madrid Stock Exchange) which is the regulated market in Spain.

Corporate Purpose

The Group's corporate purpose is to help people and businesses prosper.

Business and Support Divisions

Santander UK's principal activity is financial services, mainly in the UK. The business is managed and reported on the basis of the following segments, which are strategic business units that offer different products and services, have different customers and require different technology and marketing strategies:

Retail Banking

Retail Banking consists of two business units, Homes and Everyday Banking. Homes provides prime UK mortgage lending to owner occupiers and buy-to-let landlords with small portfolios. Everyday Banking provides banking services and unsecured lending to individuals and small businesses as well alongside wealth management for high-net-worth clients. Retail Banking delivers products through an omni-channel presence combining branches, ATMs, telephony, digital and intermediary channels.

Consumer Finance

Consumer Finance provides prime auto consumer financing for individuals, businesses, and automotive distribution networks.

Corporate & Commercial Banking

Corporate & Commercial Banking provides banking products and services to SMEs, mid-sized and larger corporates, typically with annual turnovers of between £2 million and £500 million as well as to Local Authorities and Housing Associations. Service and expertise are provided by relationship managers, product specialists and through digital and telephone channels, and cover clients' needs both in the UK and overseas.

Corporate Centre

Corporate Centre provides treasury services for asset and liability management of our balance sheet, as well as management of non-core and legacy portfolios.

Corporate & Investment Banking

Corporate & Investment Banking provided services to corporate clients with an annual turnover of £500 million and above. Santander UK transferred a significant part of the Corporate & Investment Banking business to the London branch of Banco Santander, S.A. under a Part VII banking business transfer scheme which completed on 11 October 2021. The residual parts of the business have been wound down or transferred to other segments.

Directors of Santander UK plc

The following table sets forth the directors of Santander UK plc.

Position	Name	Other principal appointments
Chair	William Vereker	Chair of Santander UK Group Holdings plc
Executive Director and Chief Executive Officer	Nathan Bostock	Chief Executive Officer of Santander UK Group Holdings plc
		Member of the Financial Services Trade and Investment Board
Incoming Executive Director and Chief Executive Officer	Mike Regnier	Incoming Chief Executive Officer of Santander UK Group Holdings plc
Chief Financial Officer and Executive Director	Madhukar (Duke) Dayal	Chief Financial Officer and Executive Director of Santander UK Group Holdings plc
Non-Executive Director	Pamela Walkden	Non-Executive Director of Santander UK Group Holdings plc
		Non-Executive Director of Banco Santander, S.A.
		Member of the Advisory Board, JD Haspel Limited
Independent Non-Executive Director	Annemarie Durbin	Non-Executive Director, Persimmon PLC
		Chair, Cater Allen Limited
Independent Non-Executive Director	Ed Giera	Independent Non-Executive Director of Santander UK Group Holdings plc
		Non-Executive Director of Rothesay Life PLC
Independent- Non-Executive Director	Chris Jones	Independent Non-Executive Director of Santander UK Group Holdings plc
		Audit and Risk Committee member of the Wellcome Trust
		Independent Non-Executive Director of Legal & General Investment Management (Holdings) Limited
		Non-Executive Director of Legal & General Assurance (Pensions Management) Limited
		Member of the UK Investment Council
Non-Executive Director	Dirk Marzluf	Chairman of Santander Global Operations SA and Santander Global Technology SL
		Director of Ebury Partners Limited
Independent Non-Executive Director	Mark Lewis	Trustee of The Photographers Gallery
Independent Non-Executive Director	Lisa Fretwell	Independent Non-Executive of Santander UK Group Holdings plc

Position	Name	Other principal appointments
Independent Non-Executive Director	The Rt Hon. the Baroness Morgan of Cotes	Non-executive director of the Financial Services Compensation Scheme
		Non-executive director of the Careers & Enterprise Company
		Non-executive director of Great Central Railway plc
		Chair of the Association of British Insurers
Non-Executive Director	Antonio Simões	CEO of Spain and Head of Europe, Banco Santander S.A.
		Non-Executive Director, Santander UK Group Holdings plc
		Director of PagoNxT, S.L. (Spain)
		Trustee, Princes Trust International

The business address of each of the directors is 2 Triton Square, Regent's Place, London NW1 3AN with telephone number +44 (0) 870 607 6000.

Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the persons listed under "*Directors of Santander UK plc*" above and their private interests and/or other duties.

Credit Ratings

As at the date of this Base Prospectus, the long-term obligations of Santander UK are rated A by S&P, A1 by Moody's and A+ by Fitch, and the short-term obligations of Santander UK are rated A-1 by S&P, P-1 by Moody's and F1 by Fitch.

Regulation of the Group

As a financial services group, the Santander UK Group is subject to extensive financial services laws, regulations, administrative actions and policies in the UK and in each other location in which the Santander UK Group operates. This intensive approach to supervision is maintained in the United Kingdom by the PRA and the FCA. As well as being subject to UK regulation, as a result of forming part of the Banco Santander group, the Santander UK Group is also affected by other regulators, such as the Banco de España and the ECB, as well as various legal and regulatory regimes (including the U.S.) that have extra-territorial effect. Extensive legislation and implementing regulations affecting the financial services industry have recently been adopted in regions that directly or indirectly affect Santander UK's business, including Spain, the U.S., the EU and other jurisdictions. In the UK and elsewhere, there is continuing political, competitive and regulatory scrutiny of the banking industry. Political involvement in the regulatory process, in the behaviour and governance of the UK banking sector and in the major financial institutions in which the UK government has a direct financial interest is likely to continue.

*Approach of the Financial Conduct Authority ("**FCA**")*

As per the FSMA (as amended by the Financial Services Act 2012), the FCA has a strategic objective to ensure that the relevant markets function well. In support of this, the FCA has three operational objectives: to secure an appropriate degree of protection for consumers; to protect and enhance the integrity of the UK financial system and to promote effective competition in the interests of consumers.

The FCA Handbook sets out rules and guidance across a range of conduct issues with which financial institutions are required to comply including high level principles of business and detailed conduct of business standards and reporting standards.

Regulatory Approach of the PRA

As per the Financial Services Act 2012, the PRA has two primary objectives: to promote the safety and soundness of the firms which it regulates and, with respect to insurers, to contribute to the securing of an appropriate degree of protection for policyholders. The PRA has a secondary objective in respect of the promotion of effective competition in the markets for services provided by PRA authorised firms. The PRA's regulatory and supervisory approach incorporates three key characteristics: to take a judgement based approach, a forward-looking approach, and a focused-approach.

The PRA Rulebook includes regulations and guidance relating to capital adequacy and liquidity, among several other things.

Capital Requirements Regulation and Capital Requirements Directive IV

The Group is subject to capital adequacy requirements applicable to banks and banking groups under retained EU law and as adopted by the PRA. The Group is required to maintain a minimum ratio of Common Equity Tier 1 (the "**CET1**") capital to risk-weighted assets, Tier 1 capital to risk-weighted assets, total capital to risk-weighted assets and Tier 1 capital to total adjusted assets for leverage monitoring purposes. Any failure by the Group to maintain such ratios above prescribed regulatory minimum levels may result in administrative actions or sanctions. These could potentially include requirements on the Group to cease all or certain lines of new business, to raise new capital resources or, in certain circumstances, a requirement for the Group existing capital instruments (potentially including the Group's debt securities) to be subjected to bail-in or write down (for more information, see the section entitled "*Banking Act 2009*" below).

The EU Capital Requirements Directive IV (the "**CRD IV Directive**") and the Capital Requirements Regulation (the "**CRR**" and together with the CRD IV Directive, "**CRD IV**") implemented changes proposed by the Basel Committee on Banking Supervision (the "**Basel Committee**") to the capital adequacy framework, known as 'Basel III' in the EU. The CRR has been amended through a series of EU regulations, including the Capital Requirements Regulation 2 ("**CRR 2**") and the CRD IV Directive amended by the Capital Requirements Directive V (the "**CRD V Directive**"). The European Union (Withdrawal) Act 2018 converted the directly applicable elements of CRD IV into UK law on 31 December 2020 and preserved existing UK law implementing the CRD IV directive.

In implementing CRD IV and the revised versions of CRD IV, the PRA has required the capital resources of UK banks to be maintained at levels which exceed the base capital requirements prescribed by CRD IV and to cover relevant risks in their business. In addition, a series of capital buffers have been established under CRD IV and PRA rules to ensure a bank can withstand a period of stress. Though the results of the PRA's 2019 stress test (the most recent exercise undertaken) did not impact on the level of capital that the Group is required to hold, the PRA could, in the future, as a result of stress testing exercises and as part of the exercise of UK macro-prudential capital regulation tools, or through supervisory actions, require the Group to increase its capital resources further.

The LCR

The LCR is intended to ensure that a bank maintains an adequate level of unencumbered, high quality liquid assets which can be used to offset the net cash outflows the bank could encounter under a short-term significant liquidity stress scenario. The current minimum requirement for LCR is set at 100 per cent. The Group's current liquidity position is in excess of the minimum requirements set by the PRA, however there may be future changes to the applicable liquidity requirements.

Leverage Ratios

The Financial Services Act 2012 also provides the Financial Policy Committee (the "**FPC**") of the BoE with certain other macro-prudential tools for the management of systemic risk including quarterly setting of the countercyclical capital buffer rate and powers of direction relating to leverage ratios. All major UK banks and banking groups (including the Group) are required to hold enough Tier 1 capital (75 per cent. of which must be CET1 capital) to satisfy a minimum leverage ratio requirement of 3.25 per cent. and enough CET1 capital to satisfy a countercyclical leverage ratio buffer of 35 per cent. of each bank's institution-specific countercyclical capital buffer rate. The PRA require UK globally systemically important banks (the "**G-SIBs**") and ring fenced bodies to hold enough CET1 capital to meet an

additional leverage ratio buffer of 35 per cent. of the institution-specific G-SIB buffer rate or Other Systemically Important Institutions (O-SII) Buffer rate following the implementation of the CRD V Directive on 28 December 2020 (previously the Systemic Risk Buffer ("**SRB**") rate), and for consolidated groups which include a ring fenced body to hold enough CET1 capital to meet the Additional Leverage Ratio Buffer ("**ALRB**"). The FPC can also direct the PRA to adjust capital requirements in relation to particular sectors through the imposition of sectoral capital requirements. Action taken in the future by the FPC in exercise of any of its powers could result in the regulatory capital requirements applied to the Group being further increased.

Further Regulatory Changes

Regulators in the UK and worldwide have also proposed that additional loss absorbency requirements should be applied to systemically important institutions to ensure that there is sufficient loss absorbing and recapitalisation capacity available in resolution. The BoE is required to set the Minimum Requirement for Eligible Liabilities ("**MREL**") for all institutions. The BoE expects banks to comply with end-state MREL requirements by 1 January 2022.

The UK implementation of the elements of CRR 2 that are not currently in force, which include revisions to the leverage ratio, counterparty risk capital requirements and the net stable funding ratio (NSFR), is currently expected to occur on 1 January 2022.

In addition to the above, regulators in the UK and worldwide have produced a range of proposals for future legislative and regulatory changes which could force the Group to comply with certain operational restrictions or take steps to raise further capital, or could increase the Group's expenses. These changes, which could affect the Group as a whole, include the EU implementation of the Basel Committee's new market risk framework, which reflects rules made as a result of the Basel Committee's fundamental review of the trading book. In addition, in December 2017 the Basel Committee published their finalisation of the Basel III framework, with proposed implementation from 1 January 2023. This includes the following elements:

- Revisions to the standardised approach for credit risk, credit valuation adjustment risk and operational risk to address certain weaknesses identified by the Basel Committee.
- Additional constraints on the use of internal model approaches for credit risk, and removing the use of internal model approaches for credit valuation adjustment risk and operational risk.
- The use of an output floor based on standardised approaches.
- The introduction of a leverage ratio buffer for G-SIBs and refinements to the definition of the leverage ratio exposure measure.

U.S. regulation

Within the Dodd-Frank Act, the so-called Volcker Rule, prohibits 'banking entities', including the Santander UK Group, from engaging in certain forms of proprietary trading or from sponsoring or investing in certain covered funds, in each case subject to certain exemptions, including exemptions permitting foreign banking entities to engage in trading and fund activities that take place solely outside of the U.S.. The Volcker Rule also contains exclusions and certain exemptions for market-making, hedging, underwriting, trading in U.S. government and agency obligations as well as certain foreign government obligations, and also permits ownership interests in certain types of funds to be retained such as new exclusions for credit funds, venture capital funds, family wealth management vehicles and client facilitation vehicles. The Santander UK Group has policies, procedures and controls in place designed to achieve compliance with the Volcker Rule.

The Banking Act 2009

The special resolution regime set out in the Banking Act provides HM Treasury, the BoE, the PRA and the FCA with a variety of powers for dealing with UK deposit taking institutions (and, in certain circumstances, their holding companies) that are failing or likely to fail, including: (i) to take a bank or bank holding company into temporary public ownership; (ii) to transfer all or part of the business of a bank to a private sector purchaser; or (iii) to transfer all or part of the business of a bank to a 'bridge bank'. The special resolution regime also comprises a separate insolvency procedure and administration

procedure each of which is of specific application to banks. These insolvency and administration measures may be invoked prior to the point at which an application for insolvency proceedings with respect to a relevant institution could be made.

The Financial Services (Banking Reform) Act 2013 further amended the Banking Act to introduce a UK 'bail-in power' to implement the EU Bank Recovery and Resolution Directive, which contains a bail-in power similar to that contained in the Banking Act and requires EU Member States to provide resolution authorities with the power to write down the claims of unsecured creditors of a failing institution and to convert unsecured claims to equity (subject to certain parameters). The UK bail-in power is an additional power available to the UK resolution authorities under the special resolution regime provided for in the Banking Act. This enables them to recapitalise a failed institution by allocating losses to such institution's shareholders and unsecured creditors, subject to the rights of such shareholders and unsecured creditors to be compensated under a bail-in compensation order.

Competition

The CMA is the UK's main competition authority responsible for ensuring that competition and markets work well for consumers. In addition, under the Banking Reform Act, as of 1 April 2015, the FCA has the power to enforce against breaches of the Competition Act 1998 and to refer markets to the CMA for in-depth investigation in the areas of financial services in the UK. As of 1 April 2015, the PSR also has an objective and powers equivalent to those of the FCA to promote competition in the payments industry.

Payments

Within the UK, the Payment Systems Regulator has mandated that the Santander UK Group builds systems and processes for both Confirmation of Payee as well as the Contingent Reimbursement Model Code both of which aim to reduce the level of customer fraud (particularly through the Santander UK Group customer's manipulation into making payments known as "*Authorised Push Payment*" fraud). Under these standards, the Santander UK Group assumes responsibility for certain categories of customer losses, and inherent failings in system design may lead to fines from regulators and/or compensation being paid to customers. The Santander UK Group also expects to see significant developments in the key UK payment systems architecture – with systems update of the high value CHAPS system through Real Time Gross Settlement renewal as well as the "*New Payments Architecture*" for faster payments, BACS and the other lower value retail payment schemes. The COVID-19 pandemic has also accelerated the existing trend of declining use of cash. Combined with existing overcapacity, this has led the industry to consider the creation of a single "Cash Utility" which would manage the operation of all cash processing infrastructure within the UK. The Second Payment Services Directive has been implemented within the UK and the UK continues to build upon the requirements within the EBA Regulatory Technical Standards via the Open Banking API industry standard and build. The Santander UK Group has also adapted systems and pricing to comply with other European regulations – including the Second Cross Border Payments Regulation which has required the Santander UK Group to baseline the majority of EEA currency payments against their domestic equivalents in price.

Finally, the Santander UK Group has reviewed its use of European payments systems and processes in light of the end of the UK's transition period with the EU and has concluded that it can remain within the SEPA Payment Scheme and continue to send SEPA Euro Payments via Madrid to EEA beneficiaries. However, as it is not domiciled in the EU, it has needed to exit the other (high value) Euro payment schemes, being EURO1 and TARGET2. It has negotiated new arrangements to access those systems via Madrid and a correspondent banking relationship agreement has been agreed and is operational.

Insolvency

Changes to the UK corporate insolvency regime were introduced through the Corporate Insolvency and Governance Act 2020, including a pre insolvency moratorium process for corporates in financial difficulty to give a period of time to seek a rescue or restructure and a new restructuring plan insolvency procedure to enable debt restructures. The Finance Act 2020 re-established certain tax debts owed by corporates as secondary preferential debts, ranking ahead of debts owed to floating charge holders. The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium (England and Wales)) Regulations 2020 will introduce from May 2021 the ability for individuals to apply for a breathing space or mental health crisis moratorium during which creditors may not demand payment of interest or fees that accrue or enforce a debt owed by the applicant. It is not yet clear what impact these

changes will have in relation to the collection and recovery of loans to retail and corporate customers who are in financial difficulty or default.

Benchmarks Reform

The UK Benchmarks Regulation is a key element of ongoing regulatory reform in the UK. In addition to so-called "critical benchmarks" such as LIBOR and Euro Interbank Offered Rate ("**EURIBOR**"), other interest rates, foreign exchange rates, and indices, including equity, commodity and "proprietary" indices or strategies, will in most cases be within scope of the UK Benchmarks Regulation as "benchmarks" where they are used to determine the amount payable under, or the value of, certain financial instruments (including Securities listed on a UK regulated market or UK multilateral trading facility ("**MTF**")), and in a number of other circumstances.

The UK Benchmarks Regulation applies to the contribution of input data to a benchmark, the administration of a benchmark, and the use of a benchmark in the UK. Amongst other things, the UK Benchmarks Regulation requires UK benchmark administrators to be authorised or registered as such and to comply with extensive requirements relating to benchmark administration. It also prohibits certain uses by UK supervised entities of (a) benchmarks provided by UK administrators which are not authorised or registered in accordance with the UK Benchmarks Regulation and (b) benchmarks provided by non-UK administrators where (i) the administrator's regulatory regime has not been determined to be "equivalent" to that of the UK, (ii) the administrator has not been recognised in accordance with the UK Benchmarks Regulation, or (iii) the benchmark has not been endorsed in accordance with the UK Benchmarks Regulation.

Regulatory authorities and central banks are strongly encouraging the transition away from IBORs and have identified risk-free rates to replace IBORs as primary benchmarks. This includes (amongst others) (i) for sterling LIBOR, SONIA, so that SONIA may be established as the primary sterling interest rate benchmark by the end of 2021, (ii) for U.S. dollar LIBOR, SOFR, to be eventually established as the primary U.S. dollar interest rate benchmark, and (iii) for EONIA and EURIBOR, €STR as the new euro risk-free rate.

Financial Crime

On 30 May 2018, the Council of EU and the European Parliament amended the Fourth Anti-Money Laundering Directive, publishing the amending Directive (EU) No 2018 / 843 ("**5th AMLD**").

The 5th AMLD brought in increased corporate transparency rules, introduced the application of AML rules to firms providing services associated with virtual currencies and further extended enhanced due diligence ("**EDD**") requirements to all transactions with natural persons or legal entities established in third countries identified as high-risk countries ("**HRTCs**") pursuant to Article 9(2) of the Directive.

The UK government transposed the Directive into UK law on 20 December 2019, amending the UK's Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ("**MLRs**") through the Money Laundering and Terrorist Financing (Amendment) Regulations 2019. The latter came into effect on 10 January 2020 and, among other changes, introduced a requirement to report beneficial ownership discrepancies to Companies House. Further amendments to the MLRs were made by the Money Laundering and Terrorist Financing (Amendment) (EU Exit) Regulations 2020.

On 25 March 2021, HM Treasury published a new statutory instrument, The Money Laundering and Terrorist Financing (Amendment) (High Risk Countries) Regulations 2021 amending the MLRs by replacing references to the European Commission's list of HRTCs (in respect of which EDD and additional specific EDD measures must be taken under the MLRs) with a UK list identified in a new Schedule 3ZA to the MLRs. This was the first exercise of the powers in section 49 of the Sanctions and Anti-Money Laundering Act 2018 ("**SAMLA**"). The UK list of HRTCs came into force on 26 March 2021 and has since been amended though separate statutory instruments that came into force on 13 July and 2 November reflecting changes to the Financial Action Task Force ("**FATF**") list of jurisdictions under increased monitoring.

In July 2021, the UK government launched two consultations on the MLRs (as amended). The first targeted specific changes to align the UK's AML/CTF regime with recent amendments to FATF standards and introduce certain technical changes. The second was a "Call for Evidence" examining the

effectiveness and future state of the UK's AML/CTF regime. Both consultations closed in October, with legislation and a government consultation response set to emerge in 2022.

To ensure regulatory continuity post-Brexit, the Government introduced SAMLA to provide a legal framework through which it can impose and update sanctions following UK departure from the EU. SAMLA grants the UK government the ability to introduce statutory instruments to enable compliance with United Nations (UN) sanctions and other international obligations, and to meet defined discretionary purposes such as promoting national and international peace and security. SAMLA broadly mirrors the EU sanctions regime but enables the UK to act independently by imposing sanctions regulations swiftly without the need to reach a consensus with other EU member states. To that effect, the UK government introduced the Global Anti-Corruption Sanctions Regulation 2021 which allows the UK government to designate entities and individuals profiting from bribery and misappropriation of state funds from any country outside the UK. Separately, the Money Laundering and Transfer of Funds (Information) (Amendment) (EU Exit) Regulations 2019 were enacted to ensure that the UK's AML Regime has continued to operate effectively now that the UK has ceased to be a member of the EU.

The possibility of near-term divergence from EU law has been reduced by the FCA's Temporary Transitional Power. Under this, a standstill direction has been issued which stipulates that until 31 March 2022 and in terms of certain regulatory obligations, firms can continue to comply with the legal framework in place in the UK immediately before 31 December 2020. Financial crime legislation is covered by the standstill direction.

The U.S. government has continued to actively apply and enforce sanctions against individuals, entities and countries. Although the Santander UK Group is not a U.S. person, U.S. sanctions may be applicable to certain of the Santander UK Group's dealings that implicate U.S. sanctions jurisdiction (for example, dealings that involve a U.S. person or that are conducted in U.S. dollars). Further, the Santander UK Group proactively assesses U.S. sanctions activity to understand broader global sanctions risks. U.S. sanctions are subject to change without warning and may affect the Santander UK Group's ability to transact with certain individuals and entities and to operate in certain jurisdictions. For instance, primary and secondary sanctions against Iran were re-introduced in November 2018, following the U.S. withdrawal from the Joint Comprehensive Plan of Action ("**JCPOA**"). In May 2021, the current U.S. administration-initiated negotiations to rejoin the JCPOA and bring Iran back into compliance with the nuclear deal, which could result in the lifting of some U.S. sanctions against Iran, although the outcome of those negotiations, and their effect on U.S. sanctions against Iran, remain uncertain. The UK, EU and U.S. also use sanctions to respond to human rights abuses and corruption and have designated persons and entities in Belarus, Russia and China for allegedly engaging in such activity. After recent geopolitical developments in Russia and Ukraine, the UK and EU have indicated sanctions against Russia will be expanded whilst the U.S. has issued an executive order prohibiting U.S. investment in the Donetsk and Luhansk regions of Ukraine as well as threatening additional sanctions should the situation escalate further. The banking sector in the UK continues to be subject to the Suspicious Activity Reporting ("**SAR**") regime laid out in the Proceeds of Crime Act 2002. The regime is one of the key tools to inform law enforcement agencies and the National Crime Agency of suspicious (potentially money laundering or terrorist financing) activity. In 2018, the UK government asked the Law Commission to conduct a review of the legislation underpinning the regime. The review was completed in July 2019 and concluded that the breadth of the legal framework, including the pressure to submit SARs that is driven by individual criminal liability for failing to submit one when 'suspicious', means that the SARs regime suffers from very large reporting volumes.

The UK's SARs Reform Programme, which operates within the confines of the government's Economic Crime Plan 2019-2022, is exploring how banks could, together with government, target their joint efforts to produce and act quickly on higher value intelligence, thereby acting on some of the Law Commission's findings. A targeted Home Office consultation was issued in November 2021 and seeks to introduce legislation to (among other changes) allow certain SARs to not be submitted where money laundering risk and law enforcement interests justify doing so. Anti-corruption is expected to be a key feature of the government's approach on economic crime in the future, as well as being a topic of global focus. This follows on from the focus on anti-corruption from the U.S. administration, as part of President Biden's "*Protecting Democracy*" summit on 9-10 December 2021.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Base Prospectus, shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

1. the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2021, which appear on pages 203 to 292 (inclusive) and auditors' report thereon of the Issuer's Annual Report and Accounts for the year ended 31 December 2021 (available at: https://www.santander.co.uk/assets/s3fs-public/documents/santander_uk_group_holdings_plc_2021_annual_report_1.pdf);

2. the glossary relating to the 2021 financial statements (available at: https://www.santander.co.uk/assets/s3fs-public/documents/santander_uk_2021_glossary_0.pdf);

3. the audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2020, which appear on pages 163 to 250 (inclusive) and auditors' report thereon of the Issuer's Annual Report and Accounts for the year ended 31 December 2020 (available at: https://www.santander.co.uk/assets/s3fs-public/documents/santander_uk_plc_2020_annual_report.pdf);

4. the glossary relating to the 2020 financial statements (available at: https://www.santander.co.uk/assets/s3fs-public/documents/santander_uk_glossary_2020.pdf);

5. the Terms and Conditions and the Form of Final Terms for Non Exempt N&C Securities set out on pages 79 to 154 and pages 155 to 184, respectively, of the Base Prospectus dated 19 March 2021 relating to Santander UK plc's Structured Notes and Certificates programme (available at: https://www.santander.co.uk/assets/s3fs-public/documents/uko2_2002224925-v1_santander_uk_eis_programme_update_2021_base_prospectus_final.pdf) (the "**March 2021 Base Prospectus**"); and

6. the Final Terms in respect of an issue of up to £20,000,000 Preference Share-linked Autocallable Notes due 2028 (ISIN XS2435686337) and the issue of up to £20,000,000 Preference Share-linked Autocallable Notes due 2028 (ISIN XS2435685958), available at https://www.santander.co.uk/assets/s3fs-public/documents/issue_1202_signed.pdf and https://www.santander.co.uk/assets/s3fs-public/documents/issue_1203_signed.pdf respectively),

provided also that any statement contained in a document, all or the relevant portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in this Base Prospectus modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Base Prospectus. Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in the Base Prospectus.

Any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a subsequent statement which is deemed to be incorporated by reference herein or contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise), provided, however, that such statement shall only form part of the Base Prospectus to the extent that it is contained in a document, all or the relevant portion of which is incorporated by reference by way of a supplement produced in accordance with Article 23 of the UK Prospectus Regulation. Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Base Prospectus.

GENERAL DESCRIPTION OF THE PROGRAMME

The following general description does not purport to be complete and is qualified in its entirety by the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of N&C Securities, the applicable Final Terms (or, in the case of Exempt N&C Securities, the applicable Pricing Supplement). The Issuer and any relevant Dealer may agree that Non-Exempt N&C Securities may be issued in a form other than that contemplated in the Terms and Conditions, in which event a new Prospectus or a supplement to this Base Prospectus will be published which will describe the effect of the agreement reached in relation to such N&C Securities. In the case of Exempt N&C Securities, the Issuer and any relevant Dealer may agree that such Exempt N&C Securities may be issued in a form other than that contemplated in the Terms and Conditions, without the requirement to publish a new Prospectus or a supplement to this Base Prospectus.

This General Description constitutes a general description of the Programme for the purposes of Article 25(1) of Delegated Regulation (EU) No 2019/980 as it forms part of domestic law by virtue of the EUWA (the "**UK Delegated Regulation**").

Words and expressions defined in "*Form of the N&C Securities*" and the "*Terms and Conditions of the N&C Securities*" shall have the same meanings in this General Description.

Issuer

Santander UK plc ("**Santander UK**" and the "**Issuer**") may from time to time under the Programme issue notes ("**Notes**"), redeemable certificates ("**Certificates**" and together with the Notes, the "**N&C Securities**") linked to Preference Shares.

Programme Authorisation

The Programme and the issue of N&C Securities had been duly confirmed and authorised by a resolution of the Board of Directors of Santander UK plc dated 21 April 2017 and a funding and programme approval and authorisation given by a Committee of the Board of Santander UK plc dated 11 March 2022.

Programme Size

There is no limit on the aggregate outstanding nominal amount of N&C Securities that can be issued under the Programme.

Listing and Admission to Trading

N&C Securities may be:

(a) (unless they are Exempt N&C Securities) listed on the Official List of the FCA and admitted to trading on the Main Market of the London Stock Exchange;

(b) listed or admitted, as the case may be, on other or further stock exchange(s) or markets as indicated in the applicable Issue Terms in relation to each Series; or

(c) neither listed nor admitted to trading on any market.

The applicable Issue Terms will state whether or not the relevant N&C Securities are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

The listing of N&C Securities on the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of N&C Securities which is to be admitted to listing on the Official List of the FCA and to trading on the London Stock Exchange's main market will be admitted separately as and when issued, subject only to the issue of a Global N&C Security or N&C Securities initially representing the N&C Securities of such Tranche. Application has been made for N&C Securities issued under the Programme to be listed on the London Stock Exchange. The listing on the London Stock Exchange of the Programme in respect of N&C Securities is expected to be granted on or around 23 March 2022.

Types of N&C Securities

Subject to compliance with all relevant laws, regulations and directives, the N&C Securities that may be issued under the Programme may be N&C Securities where the interest payment is linked to:

(a) an equity index or a basket of equity indices ("**Equity Index Linked Interest N&C Securities**");

(b) an inflation index or a basket of inflation indices ("**Inflation Index Linked Interest N&C Securities**");

(c) any combination of any of the above ("**Cross-Asset Linked Interest N&C Securities**")

(each a "**Reference Item**" and together the "**Reference Items**"); or

(d) none of the above.

In addition to classifying the N&C Securities by type of underlying Reference Item(s) (per above), N&C Securities may also be classified by their respective type of payout return, as set out in the General Terms and Conditions of the N&C Securities.

Investors must review the Payout Annex together with the relevant Issue Terms to ascertain how the performance of the Reference Item(s) will affect the interest amount(s) payable on the N&C Securities.

The redemption amount payable in respect of N&C Securities issued under the Programme will be determined by reference to the value of the Preference Shares specified in the applicable Issue Terms. If the Non-Exempt N&C Securities are interest bearing, they may be Fixed Rate N&C Securities, Floating Rate N&C Securities or Variable Interest Rate N&C Securities of the types described at (a) to (c) above. If the Exempt N&C Securities are interest bearing, the applicable Pricing Supplement will indicate the applicable interest basis.

Settlement

Settlement of the N&C Securities will be by way of cash settlement only.

Prospective investors must review the Payout Annex (for Non-Exempt N&C Securities) together with the applicable Issue Terms to ascertain details of the Reference Items (if any) (for the purposes of the determination of interest) and the Preference Shares (for the purposes of the determination of amounts payable upon redemption) and the Conditions and the applicable Final Terms to see how the Final Redemption Amount, Optional Redemption Amount, Early Redemption Amount, and any periodic interest payments are determined and when such amounts are payable, before making any decision to purchase any N&C Securities.

Distribution

N&C Securities may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

No offers, sales, resales or deliveries of any N&C Securities or distribution of any offering material relating to any N&C Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

As a result of the restrictions set out in the section of this Base Prospectus entitled "*Subscription and Sale*", purchasers of N&C Securities are advised to consult legal or other expert advisors prior to making any purchase, offer, sale, resale or other transfer of such N&C Securities.

Form of N&C Securities

N&C Securities may be issued in bearer form ("**Bearer N&C Securities**") or immobilised bearer form deposited with a custodian on behalf of the relevant clearing system enabling subsequent transfers to be made by way of book entries ("**Immobilised Bearer N&C Securities**").

The N&C Securities of each Series will be represented by a global security in bearer form.

Bearer N&C Securities will be issued outside the United States in reliance on Regulation S.

Immobilised Bearer N&C Securities will be issued through Citibank, N.A., London Branch in its capacity as Book-Entry Depositary pursuant to an N&C Securities Depositary Agreement dated on or about the date of this Base Prospectus and may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person, as described in "*Form of the N&C Securities*".

CREST Depository Interests

If CREST Depository Instruments are specified in the Issue Terms, investors may hold indirect interests in the N&C Securities (such N&C Securities being "**Underlying N&C Securities**") through CREST (being the system for the paperless settlement of trades and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited or any successor thereto in accordance with the United Kingdom Uncertificated Securities Regulations 2001, as amended) by holding dematerialised depository interests ("**CREST Depository Interests**").

CREST Depository Interests are independent securities constituted under English law issued, held, settled and transferred through Euroclear UK and Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**"). CREST Depository Interests are issued by CREST Depository Limited or any successor thereto (the "**CREST Depository**") pursuant to the Global Deed Poll dated 25 June 2001, in the form from time to time contained in Chapter 8 of the CREST International Manual (which forms part of the CREST Manual issued by CREST) (as defined below in "*Book-Entry Clearance Systems and Settlement*") (as subsequently modified, supplemented and/or restated) (the "**CREST Deed Poll**").

CREST Depository Interests represent indirect interests in the Underlying N&C Securities to which they relate and holders of CREST Depository Interests will not be the legal owners of the Underlying N&C Securities. Holders of CREST Depository Instruments will not be entitled to deal directly in the N&C Securities and, accordingly, all dealings in the N&C Securities will be effected through CREST in relation to the holding of CREST Depository Interests.

The Underlying N&C Securities (as distinct from the CREST Depository Interests representing indirect interests in such Underlying N&C Securities) will be held in an account with a custodian. The custodian will hold the Underlying N&C Securities through the relevant Clearance System. Rights in the Underlying N&C Securities will be held through custodial and depositary links through the relevant Clearance System. The legal title to the Underlying N&C Securities or to interests in the Underlying N&C Securities will depend on the rules of the relevant Clearance System in or through which the Underlying N&C Securities are held.

CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (the "**CREST Nominee**") will hold the legal title to the Underlying N&C Securities and the direct enforcement right in respect of the Underlying N&C Securities. This could result in a holder of CREST Depository Interests receiving less than, or none of, the full amount payable in respect of the Underlying N&C Securities in the event of any insolvency or liquidation of any relevant intermediary, in particular where the Underlying N&C Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the holders of CREST Depository Interests in respect of their indirect interests in the relevant N&C Securities will be governed by the arrangements between CREST and Euroclear Bank S.A., Euroclear Bank N.V. and/or Clearstream Banking S.A., Luxembourg or any other clearing system specified in the Issue Terms in respect of the relevant N&C Securities in which the Underlying N&C Securities are held, including the CREST Deed Poll executed by the CREST Depository. These rights are different from those of holders of N&C Securities which are not represented by CREST Depository Interests.

CREST Depository Interests are further described in the section entitled "*Book-Entry Clearance Systems and Settlement*".

Governing Law

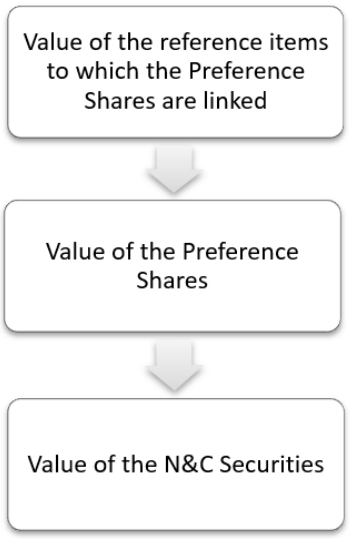
The N&C Securities and any non-contractual obligations arising out of or in connection with the N&C Securities will be governed by, and construed in accordance with, English law.

HOW THE RETURN ON THE N&C SECURITIES IS CALCULATED

N&C Securities issued pursuant to this Base Prospectus will, upon maturity, pay a redemption amount that is linked to the change in value of the specified preference shares which may fluctuate up or down depending on the performance of one or more reference items referenced by the preference shares.

The sections below are intended to demonstrate how the return on the N&C Securities will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares.

A simple illustrative chart of the payout return structure is as follows:



PART 1 – THE N&C SECURITIES

THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER THE N&C SECURITIES (OTHER THAN PREFERENCE SHARE LINKED SECURITIES) ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS OF THE N&C SECURITIES AS SET OUT IN THE GENERAL TERMS AND CONDITIONS OF THE N&C SECURITIES SECTION OF THIS DOCUMENT AND THE RELEVANT ISSUE TERMS. THE EXAMPLES PROVIDED BELOW ARE NOT EXHAUSTIVE OF THE POTENTIAL TYPES OF PAYOUT FORMULAE THAT MAY APPLY TO SECURITIES (OTHER THAN PREFERENCE SHARE LINKED SECURITIES) BUT ARE EXAMPLES ONLY: EACH POTENTIAL PURCHASER OF N&C SECURITIES (OTHER THAN PREFERENCE SHARE LINKED SECURITIES) MUST CAREFULLY REVIEW THE RELEVANT ISSUE TERMS TO ENSURE TO UNDERSTAND THE PARTICULAR PAYOUT FORMULA OF THE N&C SECURITIES.

*For the purpose of each of the worked examples below, the nominal amount of each N&C Security (the "**Calculation Amount**") is assumed to be GBP 1,000 and the issue price is 100% of the Calculation Amount.*

Unless the N&C Securities are redeemed early or are purchased and cancelled, in respect of each N&C Security, the amount investors will receive on the maturity date for each N&C Security held by them will be the nominal amount multiplied by the value of the preference shares on the final reference date divided by the value of the preference shares on the initial reference date.

The following examples demonstrate the way in which the performance of the underlying preference shares could result in a positive, neutral and negative return on the N&C Securities. Upon maturity, the N&C Securities will pay a final redemption amount, determined in accordance with N&C Security Condition 6 (*Redemption and Purchase*). The final redemption amount may be less than the calculation amount, and may be equal to zero.

WORKED EXAMPLE 1:

Assumptions for the purpose of this worked example only:

- the value of the preference shares on the initial reference date is GBP 1.00; and
- the value of the preference shares on the final reference date is GBP 1.20.

The amount the holder of the N&C Security will receive for each N&C Security will be GBP 1,200 which is calculated by dividing the value of the preference shares on the final reference date being (GBP 1.20) by the value of the preference shares on the initial reference date (being GBP 1.00) and multiplying this by the nominal amount of the N&C Security (being GBP 1,000). Expressed mathematically:

$$\text{GBP } 1{,}000 \times \frac{\text{GBP } 1.20}{\text{GBP } 1.00} = \text{GBP } 1{,}200$$

WORKED EXAMPLE 2:

Assumptions for the purpose of this worked example only:

- the value of the preference shares on the initial reference date is GBP 1.00; and
- the value of the preference shares on the final reference date is GBP 1.00.

The amount the holder of the N&C Security will receive for each N&C Security will be GBP 1,000 which is calculated by dividing the value of the preference shares on the final reference date (being GBP 1.00) by the value of the preference shares on the initial reference date (being GBP 1.00) and multiplying by the nominal amount of the N&C Security (being GBP 1,000). Expressed mathematically:

$$\text{GBP } 1{,}000 \times \frac{\text{GBP } 100}{\text{GBP } 100} = \text{GBP } 1{,}000$$

WORKED EXAMPLE 3:

Assumptions for the purpose of this worked example only:

- the value of the preference share on the initial reference date is GBP 1.00; and
- the value of the preference share on the final reference date is GBP 0.80.

The amount the holder of the N&C Security will receive for each N&C Security will be GBP 800 which is calculated by dividing the value of the preference shares on the final reference date (being GBP 0.80) by the value of the preference shares on the initial reference date (being GBP 1.00) and multiplying this by the nominal amount of the N&C Security (being GBP 1,000). Expressed mathematically:

$$\text{GBP } 1{,}000 \times \frac{\text{GBP } 0.80}{\text{GBP } 1.00} = \text{GBP } 800$$

PART 2 – THE PREFERENCE SHARES

THE WORKED EXAMPLES PRESENTED BELOW ARE FOR ILLUSTRATIVE PURPOSES ONLY AND ARE IN NO WAY REPRESENTATIVE OF ACTUAL PRICING. THE WORKED EXAMPLES ARE INTENDED TO DEMONSTRATE HOW AMOUNTS PAYABLE UNDER (AND THEREFORE THE VALUE OF) THE PREFERENCE SHARES ARE CALCULATED UNDER A VARIETY OF SCENARIOS. THE ACTUAL AMOUNTS PAYABLE (IF ANY) UNDER (AND THEREFORE THE VALUE OF) THE PREFERENCE SHARES WILL BE CALCULATED IN ACCORDANCE WITH THE TERMS OF THE PREFERENCE SHARES.

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I. EQUITY INDEX LINKED PREFERENCE SHARES

Key assumptions made for each of the worked examples below:

- *the nominal amount per preference share (the "Calculation Amount") is assumed to be GBP 1.00 and the issue price is 100% of the Calculation Amount;*
- *the example underlying assets referred to are equity indices: the FTSE 100 index and the Euro Stoxx 50 index. The initial price of the FTSE 100 index is assumed to be 6,000 and the initial price of the Euro Stoxx 50 index is assumed to be 3,000; and*
- *the issue price of the Preference Shares referred to above will be the initial value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.*

Preference shares to which N&C Securities described in this Base Prospectus are linked will, upon maturity, pay a redemption amount that is linked to the change in the value of one or more reference items which may fluctuate up or down depending on the performance of such reference item(s) referenced by the preference shares. This redemption amount will be the final value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

The sections below are intended to demonstrate how the return on the preference shares will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares.

Final redemption

The preference shares pay a redemption amount that is linked to the change in value of one or more reference items which may fluctuate up or down depending on the performance of these reference item(s) to which the preference shares are linked.

Unless the preference shares are redeemed early or purchased and cancelled, in respect of the preference shares, the redemption amount for the preference shares will be determined in accordance with the applicable methodology as set out in the terms and conditions of such preference shares.

For worked examples showing the illustrative methodology specified to apply to the Preference Shares is calculated, please see the following:

(A) Automatic early redemption

(B) Final preference share redemption amount (with barrier condition)

A) Automatic early redemption

Overview of early redemption following an autocall event

*The preference shares may be automatically redeemed early (prior to their scheduled redemption date) if the Calculation Agent determines that the value of the underlying asset or worst performing underlying asset is equal to or greater than the autocall level on a scheduled observation or valuation date (an "**autocall event**"). Such autocall level will apply on each scheduled observation date up to (and including) the earlier of: (1) the scheduled observation date on which an auto call event is deemed to have occurred, and (2) the final scheduled observation date prior to the scheduled redemption date of the preference shares.*

The autocall level is calculated by taking a particular fixed percentage of the initial price of the underlying asset or every underlying asset. For example, the autocall level might be 100% of the initial price.

Subsequent to the payment of the early redemption amount on the redemption date corresponding to the scheduled observation date on which the autocall event occurs, no further payment shall be payable under the preference shares. Investors in the N&C Securities have no claim to the early redemption amount under the Preference Shares but this will be the final value of the preference shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

Calculation of the early redemption amount for early redemption following an autocall event

WORKED EXAMPLE A1:

The early redemption works as follows:

(i) if, in respect of a scheduled observation date, the level of the asset on such scheduled observation date divided by the level of the asset on the initial valuation date (the "**Performance**") is equal to or greater than the specified autocall level:

$$\textit{Early redemption amount} = \textit{autocallable amount for the relevant scheduled observation date}$$

(ii) otherwise, no early redemption occurs in respect of such scheduled observation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares provide for automatic early redemption;
- the underlying asset is the FTSE 100 index;
- the preference shares are issued on 3 May 2022 and are scheduled to redeem on 3 May 2027;
- the specified autocall level is 100 per cent. of the initial price of the underlying asset (i.e. 6,000);
- the first scheduled observation date is 3 May 2023 and the Performance of the asset on the first scheduled observation date is 95 per cent. (i.e. FTSE 100 index is 5,700 and 5,700/6,000 = 95%);
- the autocallable amount for the first scheduled observation date is the Calculation Amount multiplied by 110 per cent. (i.e. GBP 1.10), but this does not become payable;
- the second scheduled observation date is 3 May 2024 and the Performance of the asset on the second scheduled observation date is 105 per cent. (i.e. FTSE 100 index is 6,300 and 6,300/6,000 = 105%);
- the autocallable amount for the second scheduled observation date is the Calculation Amount multiplied by 120 per cent. (i.e. GBP 1.20), and this becomes payable.

In this scenario the Performance of the FTSE 100 index on the second scheduled observation date is greater than the specified autocall level (whereas the Performance of the asset on the first scheduled observation date is less than the specified autocall level which means that automatic early redemption does not occur in that scenario). The Preference Shares will automatically early redeem on the redemption date corresponding to the second scheduled observation date and the autocallable amount will be the Calculation Amount of GBP 1.00 multiplied by 120 per cent., being GBP 1.20.

Further to early redemption of the Preference Shares as set out above, the N&C Securities to which the Preference Shares are linked will be redeemed at their final redemption amount, calculated as set out in Part 1 of this section.

WORKED EXAMPLE A2:

The early redemption works as follows:

(i) in respect of a preference share valuation date, the average level (being the average of the levels for an asset taken on the specified averaging dates) of each asset is divided by the level of the asset on the initial valuation date (the "**Performance**"). The asset with the lowest calculated Performance is then compared to the specified autocall level for that preference share valuation date. If the Performance of the asset with the lowest Performance is equal to or greater than the specified autocall level, then:

$$\textit{Early redemption amount} = \textit{autocallable amount for the relevant scheduled observation date}$$

(ii) otherwise, no early redemption occurs in respect of such preference share valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares provide for automatic early redemption;
- averaging applies to the preference shares;
- the underlying assets are two equity indices being the FTSE 100 index (**Equity Index 1**) and the Euro Stoxx 50 index (**Equity Index 2**);
- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;
- the first preference share valuation date is 1 June 2023 and the specified autocall level in respect of such date is 100 per cent.;
- the Performance of Equity Index 1 on the first preference share valuation date is 95 per cent. (i.e. the FTSE 100 index is 5,700 and 5,700/6,000 = 95%) and the Performance of Equity Index 2 on the first preference share valuation date is 102 per cent. (i.e. the Euro Stoxx 50 index is 3,060 and 3,060/3,000 = 102%);
- the autocallable amount for the first preference share valuation date is the Calculation Amount multiplied by 105 per cent.;
- the second preference share valuation date is 1 June 2024 and the specified autocall level in respect of such date is 95 per cent.;
- the Performance of Equity Index 1 on the second preference share valuation date is 98 per cent. (i.e. the FTSE 100 index is 5,880 and 5,880/6,000 = 98%) and the Performance of Equity Index 2 on the second preference share valuation date is 110 per cent. (i.e. the Euro Stoxx 50 index is 3,300 and 3,300/3,000 = 110%);
- the autocallable amount for the second preference share valuation date is the Calculation Amount multiplied by 115 per cent.

In this scenario the Performance of Equity Index 1 (the asset with the lowest calculated Performance) on the first preference share valuation date is less than the specified autocall level in respect of such date which means that automatic early redemption does not occur in that scenario. However, the Performance

of Equity Index 1 (the asset with the lowest calculated Performance) on the second preference share valuation date is greater than the specified autocall level in respect of such date. Therefore the preference shares will automatically early redeem on the redemption date corresponding to the second preference share valuation date and the autocallable amount will be the Calculation Amount of GBP 1.00 multiplied by 115 per cent., being GBP 1.15.

Further to early redemption of the Preference Shares as set out above, the N&C Securities to which the preference shares are linked will be redeemed at their final redemption amount, calculated as set out in Part 1 of this section.

B) Final preference share redemption amount (with barrier condition)

Overview of final redemption where a barrier condition is specified

Upon redemption, the preference shares will pay a redemption amount. The redemption amount may be less than the calculation amount, and may be equal to zero.

The redemption amount in respect of a preference share will depend on whether the final valuation price of the underlying asset or worst performing underlying asset is at, above or below the specified final barrier (or if two final barriers are applicable, each or one of the final barriers).

The final barrier (or if more than one, each of the final barriers) is calculated by taking a particular fixed percentage of the initial price of the underlying asset or the worst performing underlying asset. For example, the final barrier might be 70 per cent. of the initial price.

WORKED EXAMPLE B1:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Final\ Performance}$$

where "**Final Performance**" means the level of the asset on the final valuation date divided by the level of the asset on the initial valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;
- the underlying asset is a single equity index being the FTSE 100 index;
- the preference shares are issued on 3 May 2022 and are scheduled to redeem on 3 May 2027;
- the barrier condition shall be deemed satisfied if the Calculation Agent determines that the Final Performance of the asset on the final valuation date is less than the barrier;
- the barrier is 65 per cent.;
- on the final valuation date the level of the asset is 4,800, so the Final Performance of the asset is 80 per cent. (i.e. 4,800/6,000 = 80%),

In this scenario the Final Performance of the asset on the final valuation date is greater than the barrier. Therefore, the barrier condition has not been satisfied, and the final preference share redemption amount shall be the Calculation Amount of GBP 100 multiplied by 100 per cent., being GBP 100.

WORKED EXAMPLE B2:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Performance}$$

In this scenario, in respect of the final valuation date, the average level (being the average of levels for an asset taken on the specified averaging dates) of such asset is divided by the level of the asset on the initial valuation date (the "**Performance**").

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;
- averaging applies to the preference shares;
- the underlying assets are two equity indices being the FTSE 100 index (**Equity Index 1**) and the Euro Stoxx 50 index (**Equity Index 2**);
- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;
- the barrier condition occurs if the Calculation Agent determines that on the final valuation date the Performance of the asset with the lowest calculated Performance is less than the barrier;
- the barrier is 65 per cent.;
- on the final valuation date, the average level of Equity Index 1 is 3,420, so the Performance of Equity Index 1 is 57 per cent. (i.e. 3,420/6,000 = 57%) and the average level of Equity Index 2 is 3,300, so the Performance of Equity Index 2 is 110 per cent. (i.e. 3,300/3,000 = 110%).

In this scenario the Performance of Equity Index 1 (the asset with the lowest calculated Performance) is less than the barrier of 65%. Therefore, the barrier condition has been satisfied, and the preference share redemption amount shall be the Calculation Amount of GBP 1.00 multiplied by 57 per cent. (i.e. the Performance of Equity Index 1), being GBP 0.57.

II. INFLATION INDEX LINKED PREFERENCE SHARES

Key assumptions made for each of the worked examples below:

- *the nominal amount per preference share (the "Calculation Amount") is assumed to be GBP 1.00 and the issue price is 100% of the Calculation Amount;*
- *the example underlying asset referred to are inflation indices: the CPIH index and the CPI index. The initial price of the CPIH index is assumed to be 8,000 and the initial price of the CPI index is assumed to be 6,000; and*
- *the issue price of the Preference Shares referred to above will be the initial value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.*

Preference shares to which N&C Securities described in this Base Prospectus are linked will, upon maturity, pay a redemption amount that is linked to the change in the value of one or more reference items which may fluctuate up or down depending on the performance of such reference item(s) referenced by the preference shares. This redemption amount will be the final value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

The sections below are intended to demonstrate how the return on the preference shares will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares.

Final redemption

The preference shares pay a redemption amount that is linked to the change in value of one or more reference items which may fluctuate up or down depending on the performance of these reference item(s) to which the preference shares are linked.

Unless the preference shares are redeemed early or purchased and cancelled, in respect of the preference shares, the redemption amount for the preference shares will be determined in accordance with the applicable methodology as set out in the terms and conditions of such preference shares.

For worked examples showing the illustrative methodology specified to apply to the Preference Shares is calculated, please see the following:

(A) Automatic early redemption

(B) Final preference share redemption amount (with barrier condition)

A) Automatic early redemption

Overview of early redemption following an autocall event

*The preference shares may be automatically redeemed early (prior to their scheduled redemption date) if the Calculation Agent determines that the value of the underlying asset or worst performing underlying asset is equal to or greater than the autocall level on a scheduled observation or valuation date (an "**autocall event**"). Such autocall level will apply on each scheduled observation date up to (and including) the earlier of: (1) the scheduled observation date on which an auto call event is deemed to have occurred, and (2) the final scheduled observation date prior to the scheduled redemption date of the preference shares.*

The autocall level is calculated by taking a particular fixed percentage of the initial price of the underlying asset or every underlying asset. For example, the autocall level might be 100% of the initial price.

Subsequent to the payment of the early redemption amount on the redemption date corresponding to the scheduled observation date on which the autocall event occurs, no further payment shall be payable under the preference shares. Investors in the N&C Securities have no claim to the early redemption amount under the Preference Shares but this will be the final value of the preference shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

Calculation of the early redemption amount for early redemption following an autocall event

WORKED EXAMPLE A1:

The early redemption works as follows:

(i) if, in respect of a scheduled observation date, the level of the asset on such scheduled observation date divided by the level of the asset on the initial valuation date (the "**Performance**") is equal to or greater than the specified autocall level:

$$\textit{Early redemption amount} = \textit{autocallable amount for the relevant scheduled observation date}$$

(ii) otherwise, no early redemption occurs in respect of such scheduled observation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares provide for automatic early redemption;
- the underlying asset is an inflation index (in this worked example, the CPIH index);
- the preference shares are issued on 3 May 2022 and are scheduled to redeem on 3 May 2027;
- the specified autocall level is 100 per cent. of the initial price of the underlying asset (i.e. 8,000);
- the first scheduled observation date is 3 May 2023 and the Performance of the asset on the first scheduled observation date is 95 per cent. (i.e. CPIH index is 7,600 and 7,600/8,000 = 95%);

- the autocallable amount for the first scheduled observation date is the Calculation Amount multiplied by 110 per cent. (i.e. GBP 1.10), but this does not become payable;

- the second scheduled observation date is 3 May 2024 and the Performance of the asset on the second scheduled observation date is 105 per cent. (i.e. CPIH index is 8,400 and 8,400/8,000 = 105%);

- the autocallable amount for the second scheduled observation date is the Calculation Amount multiplied by 120 per cent. (i.e. GBP 1.20), and this becomes payable.

In this scenario the Performance of the CPIH index on the second scheduled observation date is greater than the specified autocall level (whereas the Performance of the asset on the first scheduled observation date is less than the specified autocall level which means that automatic early redemption does not occur in that scenario). The Preference Shares will automatically early redeem on the redemption date corresponding to the second scheduled observation date and the autocallable amount will be the Calculation Amount of GBP 1.00 multiplied by 120 per cent., being GBP 1.20.

Further to early redemption of the Preference Shares as set out above, the N&C Securities to which the Preference Shares are linked will be redeemed at their final redemption amount, calculated as set out in Part 1 of this section.

WORKED EXAMPLE A2:

The early redemption works as follows:

(i) in respect of a preference share valuation date, the average level (being the average of the levels for an asset taken on the specified averaging dates) of each asset is divided by the level of the asset on the initial valuation date (the "**Performance**"). The asset with the lowest calculated Performance is then compared to the specified autocall level for that preference share valuation date. If the Performance of the asset with the lowest Performance is equal to or greater than the specified autocall level, then:

$$\textit{Early redemption amount} = \textit{autocallable amount for the relevant scheduled observation date}$$

(ii) otherwise, no early redemption occurs in respect of such preference share valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares provide for automatic early redemption;

- averaging applies to the preference shares;

- the underlying assets are two inflation indices being the CPIH index (**Inflation Index 1**) and the CPI index (**Inflation Index 2**);

- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;

- the first preference share valuation date is 1 June 2023 and the specified autocall level in respect of such date is 100 per cent.;

- the Performance of Inflation Index 1 on the first preference share valuation date is 95 per cent. (i.e. the CPIH index is 7,600 and 7,600/8,000 = 95%) and the Performance of Inflation Index 2 on the first preference share valuation date is 102 per cent. (i.e. the CPI index is 6,120 and 6,120/6,000 = 102%);

- the autocallable amount for the first preference share valuation date is the Calculation Amount multiplied by 105 per cent.;

- the second preference share valuation date is 1 June 2024 and the specified autocall level in respect of such date is 95 per cent.;

- the Performance of Inflation Index 1 on the second preference share valuation date is 98 per cent. (i.e. the CPIH index is 7,840 and 7,840/8,000 = 98%) and the Performance of Inflation Index 2 on the second preference share valuation date is 110 per cent. (i.e. the CPI index is 6,600 and 6,600/6,000 = 110%);

- the autocallable amount for the second preference share valuation date is the Calculation Amount multiplied by 115 per cent.

In this scenario the Performance of Inflation Index 1 (the asset with the lowest calculated Performance) on the first preference share valuation date is less than the specified autocall level in respect of such date which means that automatic early redemption does not occur in that scenario. However, the Performance of Inflation Index 1 (the asset with the lowest calculated Performance) on the second preference share valuation date is greater than the specified autocall level in respect of such date. Therefore the preference shares will automatically early redeem on the redemption date corresponding to the second preference share valuation date and the autocallable amount will be the Calculation Amount of GBP 1.00 multiplied by 115 per cent., being GBP 1.15.

Further to early redemption of the Preference Shares as set out above, the N&C Securities to which the preference shares are linked will be redeemed at their final redemption amount, calculated as set out in Part 1 of this section.

B) Final preference share redemption amount (with barrier condition)

Overview of final redemption where a barrier condition is specified

Upon redemption, the preference shares will pay a redemption amount. The redemption amount may be less than the calculation amount, and may be equal to zero.

The redemption amount in respect of a preference share will depend on whether the final valuation price of the underlying asset or worst performing underlying asset is at, above or below the specified final barrier (or if two final barriers are applicable, each or one of the final barriers).

The final barrier (or if more than one, each of the final barriers) is calculated by taking a particular fixed percentage of the initial price of the underlying asset or the worst performing underlying asset. For example, the final barrier might be 70 per cent. of the initial price.

WORKED EXAMPLE B1:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Final\ Performance}$$

In this scenario, in respect of the final valuation date, the average level (being the average of levels for an asset taken on the specified averaging dates) of such asset is divided by the level of the asset on the initial valuation date (the "**Final Performance**").

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;

- averaging applies to the preference shares;

- the underlying assets are two inflation indices being the CPIH index (**Inflation Index 1**) and the CPI index (**Inflation Index 2**);

- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;

- the barrier condition occurs if the Calculation Agent determines that on the final valuation date the Final Performance of the asset with the lowest calculated Performance is less than the barrier;
- the barrier is 65 per cent.;
- on the final valuation date, the average level of Inflation Index 1 is 5,600, so the Final Performance of Inflation Index 1 is 70 per cent. (i.e. 5,600/8,000 = 70%) and the average level of Inflation Index 2 is 6,600, so the Final Performance of Inflation Index 2 is 110 per cent. (i.e. 6,600/6,000 = 110%).

In this scenario the Final Performance of Inflation Index 1 (the asset with the lowest calculated Final Performance) is more than the barrier of 65%. Therefore, the barrier condition has not been satisfied, and the preference share redemption amount shall be the Calculation Amount of GBP 1.00 multiplied by 100 per cent. (i.e. the Final Performance of Inflation Index 1), being GBP 1.00.

WORKED EXAMPLE B2:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Performance}$$

In this scenario, in respect of the final valuation date, the average level (being the average of levels for an asset taken on the specified averaging dates) of such asset is divided by the level of the asset on the initial valuation date (the "**Performance**").

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;
- averaging applies to the preference shares;
- the underlying assets are two inflation indices being the CPIH index (**Inflation Index 1**) and the CPI index (**Inflation Index 2**);
- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;
- the barrier condition occurs if the Calculation Agent determines that on the final valuation date the Performance of the asset with the lowest calculated Performance is less than the barrier;
- the barrier is 65 per cent.;
- on the final valuation date, the average level of Inflation Index 1 is 4,560, so the Performance of Inflation Index 1 is 57 per cent. (i.e. 4,560/8,000 = 57%) and the average level of Inflation Index 2 is 6,600, so the Performance of Inflation Index 2 is 110 per cent. (i.e. 6,600/6,000 = 110%).

In this scenario the Performance of Inflation Index 1 (the asset with the lowest calculated Performance) is less than the barrier of 65%. Therefore, the barrier condition has been satisfied, and the preference share redemption amount shall be the Calculation Amount of GBP 1.00 multiplied by 57 per cent. (i.e. the Performance of Inflation Index 1), being GBP 0.57.

III. CROSS ASSET LINKED PREFERENCE SHARES

Key assumptions made for each of the worked examples below:

- *the nominal amount per preference share (the "Calculation Amount") is assumed to be GBP 1.00 and the issue price is 100% of the Calculation Amount;*

- *the example relates to a basket of underlying assets, i.e. the inflation index (the CPIH index) and the equity index (FTSE 100 index). The initial price of the CPIH index is assumed to be 8,000 and the initial price of the FTSE 100 index is assumed to be 6,000; and*

- *the issue price of the Preference Shares referred to above will be the initial value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.*

Preference shares to which N&C Securities described in this Base Prospectus are linked will, upon maturity, pay a redemption amount that is linked to the change in the value of one or more reference items which may fluctuate up or down depending on the performance of such reference item(s) referenced by the preference shares. This redemption amount will be the final value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

The sections below are intended to demonstrate how the return on the preference shares will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares.

Calculation of final redemption where a barrier condition is specified

WORKED EXAMPLE A:

The early redemption works as follows:

(i) in respect of a preference share valuation date, the average level (being the average of the levels for an asset taken on the specified averaging dates) of each asset is divided by the level of the asset on the initial valuation date (the "**Performance**"). The asset with the lowest calculated Performance is then compared to the specified autocall level for that preference share valuation date. If the Performance of the asset with the lowest Performance is equal to or greater than the specified autocall level. then:

$$\textbf{\textit{Early redemption amount}} = \textbf{\textit{autocallable amount for the relevant scheduled observation date}}$$

(ii) otherwise, no early redemption occurs in respect of such preference share valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares provide for automatic early redemption;

- averaging applies to the preference shares;

- the underlying assets are an equity index and an inflation index, being the FTSE 100 index (**Equity Index 1**) and the CPIH index (**Inflation Index 2**);

- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;

- the first preference share valuation date is 1 June 2023 and the specified autocall level in respect of such date is 100 per cent.;

- the Performance of Equity Index 1 on the first preference share valuation date is 95 per cent. (i.e. the FTSE 100 index is 5,700 and 5,700/6,000 = 95%) and the Performance of Inflation Index 2 on the first preference share valuation date is 102 per cent. (i.e. the CPIH index is 8,160 and 8,160/8,000 = 102%);

- the autocallable amount for the first preference share valuation date is the Calculation Amount multiplied by 105 per cent.;

- the second preference share valuation date is 1 June 2024 and the specified autocall level in respect of such date is 95 per cent.;

- the Performance of Equity Index 1 on the second preference share valuation date is 98 per cent. (i.e. the FTSE 100 index is 5,880 and 5,880/6,000 = 98%) and the Performance of Inflation Index 2 on the second preference share valuation date is 110 per cent. (i.e. the CPIH index is 8,800 and 8,800/8,000 = 110%);

- the autocallable amount for the second preference share valuation date is the Calculation Amount multiplied by 115 per cent.

In this scenario the Performance of Equity Index 1 (the asset with the lowest calculated Performance) on the first preference share valuation date is less than the specified autocall level in respect of such date which means that automatic early redemption does not occur in that scenario. However, the Performance of Equity Index 1 (the asset with the lowest calculated Performance) on the second preference share valuation date is greater than the specified autocall level in respect of such date. Therefore, the preference shares will automatically early redeem on the redemption date corresponding to the second preference share valuation date and the autocallable amount will be the Calculation Amount of GBP 1.00 multiplied by 115 per cent., being GBP 1.15.

Further to early redemption of the Preference Shares as set out above, the N&C Securities to which the preference shares are linked will be redeemed at their final redemption amount, calculated as set out in Part 1 of this section.

B) Final preference share redemption amount (with barrier condition)

Overview of final redemption where a barrier condition is specified

Upon redemption, the preference shares will pay a redemption amount. The redemption amount may be less than the calculation amount, and may be equal to zero.

The redemption amount in respect of a preference share will depend on whether the final valuation price of the underlying asset or worst performing underlying asset is at, above or below the specified final barrier (or if two final barriers are applicable, each or one of the final barriers).

The final barrier (or if more than one, each of the final barriers) is calculated by taking a particular fixed percentage of the initial price of the underlying asset or the worst performing underlying asset. For example, the final barrier might be 70 per cent. of the initial price.

WORKED EXAMPLE B:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Performance}$$

In this scenario, in respect of the final valuation date, the average level (being the average of levels for an asset taken on the specified averaging dates) of such asset is divided by the level of the asset on the initial valuation date (the "**Performance**").

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;

- averaging applies to the preference shares;

- the underlying assets are an equity index and an inflation index, being the FTSE 100 index (**Equity Index 1**) and the CPIH index (**Inflation Index 2**);

- the preference shares are issued on 1 June 2022 and are scheduled to redeem on 1 June 2027;

- the barrier condition occurs if the Calculation Agent determines that on the final valuation date the Performance of the asset with the lowest calculated Performance is less than the barrier;
- the barrier is 65 per cent.;
- on the final valuation date, the average level of Equity Index 1 is 3,420, so the Performance of Equity Index 1 is 57 per cent. (i.e. 3,420/6,000 = 57%) and the average level of Inflation Index 2 is 8,800, so the Performance of Inflation Index 2 is 110 per cent. (i.e. 8,800/8,000 = 110%).

In this scenario the Performance of Equity Index 1 (the asset with the lowest calculated Performance) is less than the barrier of 65%. Therefore, the barrier condition has been satisfied, and the preference share redemption amount shall be the Calculation Amount of GBP 1.00 multiplied by 57 per cent. (i.e. the Performance of Equity Index 1), being GBP 0.57.

IV. VARIABLE INTEREST RATE N&C SECURITIES

Key assumptions made for each of the worked examples below:

- *the nominal amount per preference share (the "Calculation Amount") is assumed to be GBP 1.00 and the issue price is 100% of the Calculation Amount;*
- *the example underlying asset referred to is an equity index: the FTSE 100 index. The initial price of the FTSE 100 index is assumed to be 8,000; and*
- *the issue price of the Preference Shares referred to above will be the initial value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.*

Preference shares to which N&C Securities described in this Base Prospectus are linked may pay an interest amount (if any) that is linked to a variable interest rate as determined by the Calculation Agent in percentage(s) specified in the relevant Issue Terms. The sections below are intended to demonstrate how the interest on the preference shares will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares which may fluctuate up or down depending on the performance of the underlying asset(s) or reference item(s) over time.

Overview of interest rate and final redemption where the interest rate is variable

Interest is payable at a variable rate throughout the life of the product (e.g. for a product with four years to maturity). The rate of interest will be dependent on the change in value of the underlying asset or reference item.

WORKED EXAMPLE B1:

Subject to any unscheduled prior early redemption, the interest amount is as follows:

(i) If the interest barrier condition is satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Rate\ of\ Interest}_{\boldsymbol{n=1}}; \text{ or}$$

(ii) If the interest barrier condition is not satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Rate\ of\ Interest}_{\boldsymbol{n=2}}$$

Assumptions for the purpose of this worked example only:

- the Rate of Interest$_{n=1}$ is 2.5 per cent. per annum;
- the Rate of Interest$_{n=2}$ is 1.5 per cent. per annum;
- the terms specify one interest barrier condition;

- the interest barrier condition is satisfied if the closing level of the underlying asset on the interest valuation date is equal to or greater than the interest barrier level;
- the interest barrier level is the closing level of the underlying asset on the initial valuation date multiplied by 90 per cent. (i.e. 8,000 x 90% = 7,200);
- on the interest valuation date, the closing level of the underlying asset is 7,900; and
- the redemption amount is the same as the original principal amount (GBP 100).

In this scenario, since the closing level of the underlying asset on the interest valuation date is greater than the interest barrier level, the interest barrier condition has been satisfied, and the interest amount is the Calculation Amount of GBP 100 multiplied by 2.5 per cent., being GBP 2.50.

WORKED EXAMPLE B2:

Subject to any unscheduled prior early redemption, the interest amount is as follows:

(i) If the interest barrier condition is satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Rate\ of\ Interest_{n=1}}\text{; or}$$

(ii) If the interest barrier condition is not satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Rate\ of\ Interest_{n=2}}$$

Assumptions for the purpose of this worked example only:

- the Rate of Interest$_{n=1}$ is 2.5 per cent. per annum;
- the Rate of Interest$_{n=2}$ is 1.5 per cent. per annum;
- the terms specify one interest barrier condition;
- the interest barrier condition is satisfied if the closing level of the underlying asset on the interest valuation date is equal to or greater than the interest barrier level;
- the interest barrier level is the closing level of the underlying asset on the initial valuation date multiplied by 90 per cent. (i.e. 8,000 x 90% = 7,200);
- on the interest valuation date, the closing level of the underlying asset is 4,000; and
- the redemption amount is the same as the original principal amount (GBP 100).

In this scenario, since the closing level of the underlying asset on the interest valuation date is lower than the interest barrier level, the interest barrier condition has not been satisfied, and the interest amount is the Calculation Amount of GBP 100 multiplied by 1.5 per cent., being GBP 1.50.

V. PREFERENCE SHARES WITH MULTIPLIERS AND LEVERAGE FACTOR

Key assumptions made for each of the worked examples below:

- *the nominal amount per preference share (the "Calculation Amount") is assumed to be GBP 1.00 and the issue price is 100% of the Calculation Amount;*
- *the example underlying asset referred to is an equity index: the FTSE 100 index The initial price of the FTSE 100 index is assumed to be 6,000; and*
- *the issue price of the Preference Shares referred to above will be the initial value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.*

Preference shares to which N&C Securities described in this Base Prospectus are linked will, upon maturity, pay a redemption amount that is linked to the change in the value of one or more reference items which may fluctuate up or down depending on the performance of such reference item(s) referenced by the preference shares. This redemption amount will be the final value of the Preference Shares by reference to which the final redemption amount on the N&C Securities is calculated as described above.

The sections below are intended to demonstrate how the return on the preference shares will be calculated depending upon changes in the value of the reference item or items referenced by the preference shares.

Calculation of final redemption where there is a multiplier factor

WORKED EXAMPLE B1:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Final\ Performance}$$

where "**Final Performance**" means the level of the asset on the final valuation date divided by the level of the asset on the initial valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;
- the underlying asset is a single equity index being the FTSE 100 index;
- the preference shares are issued on 3 May 2022 and are scheduled to redeem on 3 May 2027;
- the barrier condition shall be deemed satisfied if the Calculation Agent determines that the level of the asset on the final valuation date is less than the barrier;
- the barrier is the level of the asset on the initial valuation date multiplied by 60 per cent. (i.e. 6,000 x 60% = 3,600);
- on the final valuation date, the level of the asset is 4,000.

In this scenario the level of the asset on the final valuation date is greater than the barrier. Therefore , the barrier condition has not been satisfied, and the final preference share redemption amount shall be the Calculation Amount of GBP 100 multiplied by 100 per cent., being GBP 100.

WORKED EXAMPLE B2:

Subject to any prior early redemption, the preference share redemption amount shall be as follows:

(i) if the barrier condition has not been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \mathbf{100}\ \boldsymbol{per\ cent}.$$

(ii) if the barrier condition has been satisfied:

$$\boldsymbol{Calculation\ Amount} \times \boldsymbol{Final\ Performance}$$

where "**Final Performance**" means the level of the asset on the final valuation date divided by the level of the asset on the initial valuation date.

Assumptions for the purpose of this worked example only:

- the terms of the preference shares specify one barrier condition;
- the underlying asset is a single equity index being the FTSE 100 index;
- the preference shares are issued on 3 May 2022 and are scheduled to redeem on 3 May 2027;
- the barrier condition shall be deemed satisfied if the Calculation Agent determines that the level of the asset on the final valuation date is less than the barrier;
- the barrier is the level of the asset on the initial valuation date multiplied by 120 per cent. (i.e. 6,000 x 120% = 7,200);
- on the final valuation date, the level of the asset is 4,000.

In this scenario the level of the asset on the final valuation date is lower than the barrier. Therefore, the barrier condition has been satisfied, and the preference share redemption amount shall be the Calculation Amount of GBP 1.00 multiplied by 66 per cent. (i.e. the Final Performance of Equity Index 1), being GBP 0.66.

GENERAL TERMS AND CONDITIONS OF THE N&C SECURITIES

*The following general terms and conditions (the "**N&C Security Conditions**"), together with the Annex(es) (if applicable), are the terms and conditions (collectively, the "**Conditions**") of the N&C Securities which will be incorporated by reference into each Global N&C Security (as defined below) and each definitive N&C Security, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the Dealer at the time of issue but, if not so permitted and agreed, such definitive N&C Security will have endorsed thereon or attached thereto such Conditions. The applicable Final Terms, in the case of any Tranche of Non-Exempt N&C Securities (as defined below), will complete the Conditions in relation to each such Tranche of N&C Securities and the applicable Pricing Supplement in relation to any Tranche of Exempt N&C Securities (as defined below) will complete (and, if applicable, amend) the Conditions in relation to each such Tranche of N&C Securities and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, together with the Annex(es) (if applicable), replace or modify the following Conditions for the purpose of such N&C Securities. The applicable Final Terms (or the relevant provisions thereof) or the applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global N&C Security and definitive N&C Security. In the case of Non-Exempt N&C Securities, reference should be made to the "applicable Final Terms" for a description of the content of the applicable Final Terms which will specify which of such terms are to apply in relation to the relevant N&C Securities. References in these Conditions to "**Final Terms**" or "**Pricing Supplement**" shall mean a tranche of N&C Securities issued pursuant to this Base Prospectus and references to "**Issue Terms**" shall mean either (i) in respect of Non-Exempt N&C Securities, the applicable Final Terms or (ii) in respect of Exempt N&C Securities, the applicable Pricing Supplement, and should be construed accordingly.*

This N&C Security is one of a Series of N&C Securities (such N&C Securities being referred to hereinafter as "**N&C Securities**") issued by Santander UK plc (the "**Issuer**", which expression shall include any substitute pursuant to N&C Security Condition 14 (*Substitution*) below) pursuant to the Agency Agreement (as defined below). N&C Securities will be either in the form of notes ("**Notes**") or redeemable certificates ("**Certificates**"), as specified in the applicable Issue Terms, and references in these Terms and Conditions to "**N&C Security**", "**N&C Securities**", "**Note**", "**Notes**", "**Certificate**" or "**Certificates**" will be construed accordingly.

References herein to the "**N&C Securities**" shall be references to the N&C Security of this Series and shall mean:

1. in relation to any N&C Security(ies) represented by a global N&C Security in bearer form (a "**Global N&C Security**" (which includes any Bearer Global N&C Security and any Immobilised Bearer Global N&C Security (as defined below)):

    (a) in the case of N&C Securities issued by nominal amount, units of each Specified Denomination in the Specified Currency of the applicable N&C Securities, each as specified in the applicable Issue Terms; and

    (b) in the case of N&C Securities issued by unit, each unit of applicable N&C Securities;

2. any Global N&C Security;

3. any certificated depositary interests (in the case of Immobilised Bearer Global N&C Securities (as defined below) to be settled through Euroclear and/or Clearstream, Luxembourg) ("**CDIs**" (as further defined in N&C Security Condition 1.6 below));

4. any Book Entry Interest (as defined in N&C Security Condition 1.6);

5. any definitive N&C Securities in bearer form ("**Definitive Bearer N&C Securities**") issued in exchange for a Bearer Global N&C Security; and

6. any definitive N&C Securities in registered (or inscribed) form ("**Definitive Registered N&C Securities**").

The N&C Securities and the Coupons (as defined below) have the benefit of an agency agreement dated on or about 19 March 2021 (such agency agreement as amended and/or supplemented and/or restated

from time to time, the "**Agency Agreement**") made between the Issuer, Citibank, N.A., London Branch as principal paying agent (the "**Principal Paying Agent**", which expression shall include any additional or successor agent acting in such capacities) and as transfer agent (the "**Transfer Agent**", which expression shall include the Principal Paying Agent in its capacity as a transfer agent and any additional or successor transfer agents), Citigroup Global Markets Europe AG as registrar (the "**Registrar**", which expression shall include any additional or successor registrar) and Citibank Europe plc as paying agent (together with the Principal Paying Agent, the "**Paying Agents**" which expression shall include any additional or successor paying agents). The Principal Paying Agent, the Registrar, the Paying Agents, the Transfer Agent and the Calculation Agent are together referred to as the "**Agents**".

References to "**Calculation Agent**" are to the entity specified as such in the applicable Issue Terms or any successor in such capacity.

The issue terms for this N&C Security (or the relevant provisions thereof) are set out in Part A of the Final Terms (or Pricing Supplement, in the case of Exempt N&C Securities) attached to or endorsed on this N&C Security which supplement these General Terms and Conditions of the N&C Securities (the "**Conditions**", which term shall include one or more Annex(es) in the form annexed hereto (each an "**Annex**") if specified as applicable herein and/or in such Issue Terms) and, if the N&C Security is neither admitted to trading on (i) a regulated market in the European Economic Area or (ii) a United Kingdom regulated market as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA, nor offered in (i) the European Economic Area or (ii) the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation or the FSMA, as the case may be (an "**Exempt N&C Security**"), may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify the Conditions for the purposes of this N&C Security. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129. The expression "**FSMA**" means the Financial Services and Markets Act 2000, as amended. Any references to a "**Non-Exempt N&C Security**" are to a N&C Security that is not an Exempt N&C Security. References to the "**applicable Issue Terms**", "**applicable Final Terms**" or "**applicable Pricing Supplement**", as the case may be, are, unless otherwise stated, to Part A of the Final Terms or the Pricing Supplement, as appropriate, (or the relevant provisions thereof) attached to or endorsed on this N&C Security. Interest bearing Definitive Bearer N&C Securities have interest coupons ("**Coupons**") and in the case of N&C Securities which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("**Talons**") attached on issue. Any reference in these Conditions to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Registered N&C Securities and Global N&C Securities do not have Coupons or Talons attached on issue.

Any reference to "**N&C Securityholders**" or "**holders**" in relation to any N&C Securities shall mean the holders of the relevant N&C Security, as applicable, and shall, in relation to any N&C Securities represented by a Global N&C Security, be construed as provided below. Any reference herein to "**Couponholders**" shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, "**Tranche**" means N&C Securities which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of N&C Securities together with any further Tranche or Tranches of N&C Securities which are (i) expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the issue price and date of issue thereof, the amount and date of the first payment of interest thereon, if any, and the date from which interest starts to accrue.

The N&C Securityholders and the Couponholders are entitled to the benefit of the deed of covenant (such deed of covenant as modified, supplemented and/or restated from time to time, the "**Deed of Covenant**") dated 8 August 2017 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear and Clearstream, Luxembourg (each as defined herein).

Copies of the Agency Agreement (which contains the form of the Deed of Covenant) are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the N&C Securities are to be admitted to trading on the main market of the London Stock Exchange plc, the applicable Final Terms will be published on the website of the London Stock Exchange plc through a regulatory information service. If an N&C Security is not so listed but is not an Exempt N&C Security, the applicable Final Terms will be published on the website of the London Stock Exchange plc

(www.londonstockexchange.com). If an N&C Security is an Exempt N&C Security, the applicable Pricing Supplement will only be obtainable by a holder holding one or more N&C Securities and such N&C Securityholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such N&C Securities and identity. The N&C Securityholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Issue Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Issue Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Issue Terms, the applicable Issue Terms shall prevail. In the case of any inconsistency between any Annex(es) specified as applicable herein and/or in the applicable Issue Terms and other parts of these Conditions, the provisions of the applicable Annex(es) shall prevail unless otherwise specified herein. In the case of any inconsistency between the applicable Issue Terms and the Conditions, the applicable Issue Terms shall prevail.

1. Form, Denomination and Title

1.1 Form

Other than in the case of Book-Entry Interests, CDIs and Definitive Registered N&C Securities, the N&C Securities will be issued in bearer form in the currency (the "**Specified Currency**") and denominations (the "**Specified Denomination(s)**") specified in the applicable Issue Terms or (if so indicated in the applicable Issue Terms) in security units, and, in the case of definitive N&C Securities, serially numbered. N&C Securities of one Specified Denomination may not be exchanged for N&C Securities of another Specified Denomination. Unless otherwise specified in the applicable Issue Terms, the N&C Securities will be issued in classic global note ("**CGN**") form.

Each Tranche of N&C Securities in bearer form will be initially issued in the form of a temporary global security (a "**Temporary Bearer Global N&C Security**") or, if so specified in the applicable Issue Terms, a permanent global security (a "**Permanent Bearer Global N&C Security**" and, together with a Temporary Bearer Global N&C Security, a "**Bearer Global N&C Security**") which, in either case, will:

(a) if the Global N&C Securities are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Issue Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"); or

(b) if the Global N&C Securities are intended to be issued in CGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg.

Interests in N&C Securities issued as bearer securities in immobilised form ("**Immobilised Bearer N&C Securities**") that may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person will initially be represented by a global security in bearer form (a "**Permanently Restricted Global N&C Security**" or a "**Immobilised Bearer Global N&C Security**").

The Immobilised Bearer Global N&C Securities will initially be issued in bearer form, without interest coupons, and title thereto will pass by delivery. If any N&C Securities are issued as Immobilised Bearer Global N&C Securities, then the entire Series of which they form part will be issued as Immobilised Bearer Global N&C Securities. Pursuant to an N&C securities depositary agreement (such agreement as amended and/or supplemented and/or restated from time to time, the "**N&C Securities Depositary Agreement**") dated on or around 19 March 2021 between the Issuer, Citibank N.A., London Branch (the "**Book-Entry Depositary**"), Citibank N.A., London Branch (the "**Custodian**") and Citigroup Global Markets Europe AG (the "**Registrar**"), the Immobilised Bearer Global N&C Securities of each Series will on issue be deposited with the Book-Entry Depositary. Pursuant to the terms of the N&C Securities Depositary Agreement, the Book-Entry Depositary will hold any Immobilised Bearer Global N&C

Security for the holders of the CDIs and owners of the Book-Entry Interests as bare trustee and the owners of the Book-Entry Interests will accordingly be tenants in common in respect of the CDIs to the extent of the Book-Entry Interests in respect of which they are owners. The Book-Entry Depositary shall have only those rights, discretions, duties, obligations and responsibilities expressly specified in the N&C Securities Depositary Agreement and the Conditions and, other than holding any Immobilised Bearer Global N&C Security as bare trustee, as aforesaid, does not assume any relationship of trust for or with the owners of the Book-Entry Interests or any other person. In particular, the Book-Entry Depositary may not extinguish, cancel or otherwise terminate this arrangement other than pursuant to the terms of the N&C Securities Depositary Agreement and the Conditions. Holders of Book-Entry Interests are deemed to have notice of and shall be bound by the terms of the N&C Securities Depositary Agreement.

1.2 **Interest and Redemption**

If the applicable N&C Security is a Non-Exempt N&C Security, the N&C Security may be a Fixed Rate N&C Security, a Floating Rate N&C Security, a Variable Interest Rate N&C Security, an Equity Index Linked Interest N&C Security, an Inflation Index Linked Interest N&C Security or a Cross-Asset Linked Interest Security, as specified in the Payout Annex depending upon the N&C Coupon Payout (as defined in the Payout Conditions) extracted, included and completed in the applicable Final Terms, or a combination of any of the foregoing, depending upon the Interest Basis and Type of N&C Security specified in the applicable Final Terms. This N&C Security may be a non-interest bearing N&C Security, if specified as such in the applicable Final Terms.

If the applicable N&C Security is an Exempt N&C Security, such N&C Security may be (i) a Fixed Rate N&C Security, (ii) a Floating Rate N&C Security, (iii) a non-interest bearing N&C Security, (iv) a Variable Interest Rate N&C Security, or (v) any one of an Equity Index Linked Interest N&C Security or an Inflation Index Linked Interest N&C Security or a Cross-Asset Linked Interest Security, or any other type of interest bearing N&C Securities or a combination of any of the foregoing, depending upon the Interest Basis and Type of N&C Security specified in the applicable Pricing Supplement.

The amount payable on redemption, optional redemption or early redemption of this N&C Security will be determined by reference to the performance of preference shares, as described more fully in N&C Security Condition 6 (*Redemption and Purchase*).

1.3 **Coupons attached**

Definitive Bearer N&C Securities are issued with Coupons, unless they are non-interest bearing N&C Securities in which case references to Coupons and Couponholders in these Conditions are not applicable. For all N&C Securities, settlement shall be by way of cash payment.

1.4 **Title to Definitive Bearer and Definitive Registered N&C Securities**

Subject as set out below, title to the N&C Securities in bearer form and any Coupons will pass by delivery and title to the Definitive Registered N&C Securities will pass upon registration of transfers in the books of the Register, which is kept by the Registrar, in accordance with the provisions of the Agency Agreement. The Issuer and the Paying Agents will (except as otherwise required by law) deem and treat the bearer of any N&C Security in bearer form or any Coupon and the registered holder of any Definitive Registered N&C Security as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global N&C Security, without prejudice to the provisions set out in the next succeeding paragraph.

1.5 **Title to N&C Securities represented by a Bearer Global N&C Security**

For so long as any of the N&C Securities is represented by a Bearer Global N&C Security held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular nominal amount or number of units of such N&C Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount or number of units of such N&C Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount or number of units of such N&C Securities

for all purposes other than with respect to the payment of principal or interest on such nominal amount or number of units of such N&C Securities, for which purpose the bearer of the relevant Bearer Global N&C Security shall be treated by the Issuer and the Paying Agents as the holder of such nominal amount or number of units of such N&C Securities in accordance with and subject to the terms of the relevant Global N&C Security and the expressions "**N&C Securityholder**" and "**holder of N&C Securities**" and related expressions shall be construed accordingly.

N&C Securities which are represented by a Bearer Global N&C Security will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in Part B of the applicable Issue Terms or, in the case of Exempt N&C Securities only, as may be otherwise approved by the Issuer, the Registrar and the Paying Agents (each a "**Clearance System**").

1.6 Title to N&C Securities represented by an Immobilised Bearer Global N&C Security

In respect of Immobilised Bearer Global N&C Securities to be settled through Euroclear and/or Clearstream, Luxembourg ("**Permanently Restricted Immobilised Bearer N&C Securities**") which are deposited with the Book-Entry Depositary, the Book-Entry Depositary will issue registered certificated depositary interests ("**CDIs**") to a common depositary for Euroclear and Clearstream, Luxembourg, or its nominee, and will record the CDIs in the books and records of the Registrar in the name of the nominee of the common depositary. Ownership of interests in the Permanently Restricted Immobilised Bearer N&C Securities deposited with the Book-Entry Depositary (the "**Book-Entry Interests**") will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be affected only through records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

2. Transfer

2.1 Transfers of interests in Immobilised Bearer Global N&C Securities

Transfers of Book-Entry Interests will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A Book-Entry Interest will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for registered N&C Securities in definitive form or for a Book-Entry Interest in another N&C Security only in the authorised denominations (in the case of N&C Securities) or number of security units (in the case of Certificates) set out in the applicable Issue Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement.

Pursuant to the N&C Securities Depositary Agreement, the Immobilised Bearer Global N&C Securities may be transferred only to a successor to the relevant Book-Entry Depositary.

Unless and until Book-Entry Interests are exchanged for Definitive Registered N&C Securities, the CDIs held by the common depositary or its nominee for Euroclear and Clearstream, Luxembourg may not be transferred except as a whole to a nominee or a successor approved by the Issuer.

Book-Entry Interests will be subject to certain restrictions on transfer and certification requirements and may bear a legend regarding such restrictions.

All transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream, Luxembourg will be effected by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, Luxembourg and their respective participants.

Book-Entry Interests in an Immobilised Bearer Global N&C Security may in certain circumstances be exchanged for Definitive Registered N&C Securities upon receipt by the Registrar of instructions from

a Paying Agent. It is expected that such instructions of the Paying Agent will be based upon directions received by Euroclear or Clearstream, Luxembourg, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered N&C Securities issued in exchange for a Book-Entry Interest will, except as otherwise determined by the Issuer in compliance with applicable law, be subject to certain restrictions on transfer and certification requirements and may bear a legend regarding such restrictions.

2.2 **Transfers of Definitive Registered N&C Securities**

Subject as provided in N&C Security Conditions 2.3 (*Costs of registration*) and 2.4 (*Transfers of interests in Book-Entry Interests*) below, upon the terms and subject to the terms and conditions set forth in the Agency Agreement, a Definitive Registered N&C Security may be transferred in whole or in part in the authorised denominations set out in the applicable Issue Terms. In order to effect any such transfer:

(a) the holder or holders must:

(i) surrender the Definitive Registered N&C Security for registration of the transfer of the Definitive Registered N&C Security (or the relevant part of the Definitive Registered N&C Security) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing; and

(ii) complete and deposit such other certifications as may be required by the Registrar or, as the case may be, the relevant Transfer Agent; and

(b) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request.

Any such transfer will be subject to such reasonable regulations as the Issuer and the Registrar may from time to time prescribe. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three (3) business days (being for the purposes of these Conditions a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail to such address as the transferee may request, a new Definitive Registered N&C Security for the same aggregate nominal amount or number of units as the Definitive Registered N&C Security (or the relevant part of the Definitive Registered N&C Security) transferred. In the case of a transfer of part only of a Definitive Registered N&C Security, a new Definitive Registered N&C Security in respect of the balance of the Definitive Registered N&C Security not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to such address as the transferor may request.

2.3 **Costs of registration**

N&C Securityholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by normal uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

2.4 **Transfers of interests in Book-Entry Interests**

Transfers of Book-Entry Interests or of a beneficial interest in a Book-Entry Interest may not at any time be made to a transferee in the United States or to, or for the account or benefit of, a U.S. Person and any offer, sale, resale, trade, pledge, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised.

2.5 **Definitions**

In this N&C Security Condition 2, "**United States**" means the United States of America, including the states and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction.

3. **Status of the N&C Securities**

The N&C Securities and the related Coupons (if any) are direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and (subject to any applicable statutory provisions or judicial order) at least equally with all other present and future direct, unconditional, unsecured and unsubordinated obligations of the Issuer.

4. **Interest**

4.1 **Interest Definitions**

The applicable Issue Terms will indicate whether the N&C Securities are Variable Interest Rate N&C Securities of a type specified in the Payout Annex, Fixed Rate N&C Securities, Floating Rate N&C Securities or any combination of the foregoing. In the case of Exempt N&C Securities, the applicable Pricing Supplement will indicate the applicable interest basis.

Where the N&C Securities are specified to be Fixed Rate N&C Securities, the interest payable in respect of the N&C Securities will be calculated in accordance with N&C Security Condition 4.2 (Interest on Fixed Rate N&C Securities) below and/or the relevant provisions of the Payout Annex.

Where the N&C Securities are specified to be Floating Rate N&C Securities, the interest payable in respect of the N&C Securities will be calculated in accordance with N&C Security Condition 4.3 (Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities) below and/or the relevant provisions of the Payout Annex.

Where the N&C Securities are Variable Interest Rate N&C Securities, the interest payable in respect of the N&C Securities will be calculated in accordance with N&C Security Condition 4.3 (Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities) below and/or the relevant provisions of the Payout Annex and/or, in the case of Exempt N&C Securities only, the Pricing Supplement.

Where the N&C Securities are Exempt N&C Securities which are not Fixed Rate N&C Securities or Floating Rate N&C Securities, the interest payable in respect of the N&C Securities, if any, will be calculated in accordance with N&C Security Condition 4.4 (Interest on Exempt N&C Securities) below.

If the applicable Issue Terms state that the N&C Securities are non-interest bearing N&C Securities, this N&C Security Condition 4 will not apply to the N&C Securities.

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this N&C Security Condition 4:

(a) if "**Actual/Actual (ICMA)**" or "**Act/Act (ICMA)**" is specified in the applicable Issue Terms:

(i) in the case of N&C Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period (as defined below) during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (a) the number of days in such Determination Period and (b) the number of Determination Dates (as specified in the applicable Issue Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; or

(ii) in the case of N&C Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as

specified in the applicable Issue Terms) that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year, assuming interest was to be payable in respect of the whole of that year;

(b) if "**Actual/Actual (ISDA)**", "**Actual/Actual**", "**Act/Act**" or "**Act/Act (ISDA)**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period (as defined above) falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(c) if "**Actual/365 (Fixed)**", "**Act/365 (Fixed)**", "**A/365 (Fixed)**" or "**A/365F**" is specified in the applicable Issue Terms, the actual number of days in the relevant Interest Period, divided by 365;

(d) if "**Actual/365 (Sterling)**" is specified in the applicable Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(e) if "**Actual/360**", "**Act/360**" or "**A/360**" is specified in the applicable Issue Terms, the actual number of days in the relevant Interest Period, divided by 360;

(f) if "**30/360 (ICMA)**" is specified in the applicable Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) up to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12-30 day months) divided by 360;

(g) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified in the applicable Issue Terms, the number of days in the relevant Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"$\mathbf{Y_1}$" is the year, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{Y_2}$" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"$\mathbf{M_1}$" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"$\mathbf{M_2}$" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"$\mathbf{D_1}$" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"$\mathbf{D_2}$" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(h) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(i) if "**30E/360 (ISDA)**" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

Where:

"**Y_1**" is the year, expressed as a number, in which the first day included in the Interest Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Interest Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30; and

"**Determination Period**" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

4.2 Interest on Fixed Rate N&C Securities

This N&C Security Condition 4.2 applies to Fixed Rate N&C Securities only. The applicable Issue Terms contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this N&C Security Condition 4.2 and/or the relevant provisions of the Payout Annex for full information on the manner in which interest is calculated on Fixed Rate N&C Securities. In particular, the applicable Issue Terms will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount,

the Calculation Amount, the Day Count Fraction, the Business Day Convention and any applicable Determination Date.

(a) If no Fixed Coupon Amount or Broken Amount is specified in the applicable Issue Terms, the following provisions shall apply with respect to a Fixed Rate N&C Security:

Each Fixed Rate N&C Security will bear interest from (and including) the Interest Commencement Date (which unless otherwise specified in the applicable Issue Terms shall be the Issue Date) at the rate(s) (expressed as a percentage) equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Scheduled Maturity Date.

Such interest will be payable in respect of each Fixed Rate N&C Security Interest Period. In these Conditions and for the purposes of Fixed Rate N&C Securities only, "**Fixed Rate N&C Security Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Issue Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in N&C Security Condition 5.6 below), then, if the Business Day Convention specified is:

(i) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(ii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iii) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

Unless Day Count Fraction is specified as "Not Applicable" in the applicable Issue Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(i) in the case of Fixed Rate N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the Fixed Rate N&C Securities represented by such Global N&C Security; or

(ii) in the case of Fixed Rate N&C Securities in definitive form held by each N&C Securityholder, the aggregate outstanding nominal amount of such Fixed Rate N&C Securities held by such N&C Securityholder,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with the Rounding Convention (as specified in N&C Security Condition 5 (*Payments*) below). Where the Specified Denomination of a Fixed Rate N&C Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) If a Fixed Coupon Amount or Broken Amount is specified in the applicable Issue Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Rate N&C Security Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Issue Terms, amount to the Broken Amount so specified.

4.3 **Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities**

This N&C Security Condition 4.3 applies to Floating Rate N&C Securities and Variable Interest Rate N&C Securities only. The applicable Issue Terms contains provisions applicable to the determination of interest in respect of such N&C Securities and must be read in conjunction with this N&C Security Condition 4.3 and/or the relevant provisions of the Payout Annex for full information on the manner in which interest is calculated on Floating Rate N&C Securities and Variable Interest Rate N&C Securities. In particular, the applicable Issue Terms will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention and any Additional Business Centres. In respect of Floating Rate N&C Securities, the applicable Issue Terms will specify whether ISDA Determination, Screen Rate Determination, Bank of England Base Rate Determination, Overnight Rate Determination (SONIA) or Overnight Rate Determination (€STR) applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Principal Paying Agent, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Issue Terms will also specify the applicable Floating Rate Option, Designated Maturity (if applicable) and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Issue Terms will also specify the applicable Reference Rate, any Rate Multiplier, Interest Determination Date(s) and Relevant Screen Page. Where Bank of England Base Rate Determination applies to the calculation of interest, the applicable Issue Terms will also specify the Designated Maturity (if applicable), Interest Determination Date(s)) and Relevant Screen Page. Where Overnight Rate Determination (SONIA) applies to the calculation of interest, the applicable Issue Terms will also specify the applicable Calculation Method, Observation Method, Interest Determination Date(s), Rate Determination Date, Relevant Screen Page and Observation Look-Back Period. Where Overnight Rate Determination (€STR) applies to the calculation of interest, the applicable Issue Terms will also specify the applicable Calculation Method, Observation Method, Interest Determination Date(s), Rate Determination Date, Relevant Screen Page and Observation Look-Back Period. In respect of Variable Interest Rate N&C Securities, the applicable Issue Terms will identify those items specified in the applicable paragraph of the Payout Annex.

(a) *Interest Payment Dates*

Each Floating Rate N&C Security and Variable Interest Rate N&C Security will bear interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year, as specified in the applicable Issue Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Issue Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls the number of months or other period specified as the Specified Period in the applicable Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, "Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the N&C Securities become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Issue Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day (as defined in N&C Security Condition 4.6 below), then, if the Business Day Convention specified is:

(i) in any case where Specified Periods are specified in accordance with N&C Security Condition 4.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall

be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(ii) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(iii) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(iv) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

(b) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate N&C Securities will be determined in the manner specified in the applicable Issue Terms. The Rate of Interest payable from time to time in respect of Variable Interest Rate N&C Securities will be determined in accordance with the relevant paragraph of the Payout Annex as completed by the applicable Issue Terms.

(i) *ISDA Determination for Floating Rate N&C Securities*

Where ISDA Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be (x) the relevant ISDA Rate (y) plus or minus (as indicated in the applicable Issue Terms) the Margin (if any) the result of which will be (z) multiplied by the Rate Multiplier, if any, provided the Rate of Interest may not be less than zero. For the purposes of this sub paragraph (i), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent, the Calculation Agent or other person specified in the applicable Issue Terms, as applicable, under an interest rate swap transaction if the Principal Paying Agent, the Calculation Agent or that other person, as applicable, were acting as Calculation Agent (as defined in the ISDA Definitions (as defined below)) for that swap transaction under the terms of an agreement incorporating the ISDA Definitions (as defined below) and under which:

(A) the Floating Rate Option is as specified in the applicable Issue Terms;

(B) the Designated Maturity (if applicable) is that period specified in the applicable Issue Terms;

(C) the relevant Reset Date is the day specified in the applicable Issue Terms;

(D) (where applicable) the applicable compounding method, being any of Compounding with Lookback, Compounding with Observation Period Shift or Compounding with Lockout is as specified in the applicable Issue Terms; and

(E) (in each case, where applicable) the Applicable Business Days, Observation Period Shift Business Days and/or Lockout Period Business Days in each case is as specified in the applicable Issue Terms.

For the purposes of this sub-paragraph (i), (x) "**Euro-zone**" means the region comprised of member states of the European Union ("**Member States**") that adopt the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union and the Treaty of Amsterdam and (y) "**Floating Rate**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" "**Compounding with Lookback**", "**Compounding with Observation Period Shift**", "**Compounding with Lockout**", "**Applicable Business Days**", "**Observation Period Shift Business Days**" and "**Lockout Period Business Days**" have the meanings given to those terms in the ISDA Definitions.

Where ISDA Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, unless otherwise stated in the applicable Issue Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) *Screen Rate Determination for Floating Rate N&C Securities (excluding where the Reference Rate is SONIA)*

(A) Subject to N&C Security Condition 4.3(c) below, where Screen Rate Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined (save where the Reference Rate is SONIA), the Rate of Interest for each Interest Period will, subject as provided below, be (x) either:

(1) the offered quotation; or

(2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being the European interbank offered rate ("**EURIBOR**") as specified in the applicable Issue Terms) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11:00 a.m. (Brussels time) on the Interest Determination Date (as specified in the applicable Issue Terms) in question, in each case (y) plus or minus (as indicated in the applicable Issue Terms) the Margin (if any), the result of which will be (z) multiplied by the Rate Multiplier (if any), all as determined by the Principal Paying Agent, Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, and provided the Rate of Interest may not be less than zero. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent, Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (i) above, no such offered quotation appears or, in the case of (ii) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

In these Conditions "**Relevant Screen Page**" means the page specified as such in the applicable Issue Terms (or such replacement page on that service which displays the information).

(iii) *Bank of England Base Rate Determination for Floating Rate N&C Securities*

Where Bank of England Base Rate Determination is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be (x) the Bank of England Base Rate (y) plus or minus (as indicated in the applicable Issue Terms) the Margin (if any), the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

"**Bank of England Base Rate**" means the most recent published rate for deposits for a period equal to the Designated Maturity (as specified in the applicable Issue Terms) which appears on the Relevant Screen Page (as specified in the applicable Issue Terms) as of 5:00 p.m., London time, on the Interest Determination Date (as specified in the applicable Issue Terms) or, if such Relevant Screen Page is not available, such replacement page as the Calculation Agent shall select, or if the Calculation Agent

determines no suitable replacement page exists, the rate determined by the Calculation Agent in good faith and in a commercially reasonable manner.

(iv) *Overnight Rate Determination (SONIA) for Floating Rate N&C Securities*

Where Overnight Rate Determination (SONIA) is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the applicable Issue Terms shall specify the Calculation Method as "Compounded Daily Rate" (in which case the provisions of paragraph (A) below shall apply), "Weighted Average Rate" (in which case the provisions of paragraph (B) below shall apply), "Single Daily Rate" (in which case the provisions of paragraph (C) below shall apply) or "Compounded Index Rate" (in which case the provisions of paragraph (D) below shall apply).

(A) *Calculation Method – Compounded Daily Rate*

Subject to N&C Security Condition 4.3(c) below, where "Compounded Daily Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) Compounded Daily SONIA for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Compounded Daily SONIA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{RelevantSONIA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

(B) *Calculation Method – Weighted Average Rate*

Subject to N&C Security Condition 4.3(c) below, where "Weighted Average Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) the Weighted Average SONIA Rate for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Weighted Average SONIA Rate**" means, in respect of an Interest Period:

(a) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the rate calculated by the Calculation Agent on the relevant Interest Determination Date as the sum of the SONIA reference rates in respect of each calendar day during the relevant Observation Period divided by the number of calendar days in the relevant Observation Period, with the resulting percentage being rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards. For these purposes, the SONIA reference rate in respect of any calendar day which is not a London Banking Day shall be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding such calendar day; or

(b) where "Lock-Out" is specified as the Observation Method in the applicable Issue Terms, the rate calculated by the Calculation Agent on the relevant Interest Determination Date as the sum of the SONIA reference rates in respect of each calendar day during such Interest Period divided by the number of calendar days in such Interest Period, with the resulting percentage being rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards, provided that for any calendar day that falls in the relevant Lock-Out Period, the SONIA reference rate in respect of such day will be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding the relevant Interest Determination Date. For these purposes and subject to the proviso above, the SONIA reference rate in respect of any calendar day which is not a London Banking Day will be deemed to be the SONIA reference rate in respect of the London Banking Day immediately preceding such calendar day.

(C) *Calculation Method – Single Daily Rate*

Subject to N&C Security Condition 4.3(c) below, where "Single Daily Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) the Daily SONIA Rate for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Daily SONIA Rate**" means, in respect of an Interest Period, the SONIA reference rate in respect of the Rate Determination Date for such Interest Period.

(D) *Calculation Method – Compounded Index Rate*

Subject to N&C Security Condition 4.3(c) below, where "Compounded Index Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) the Compounded SONIA Index Rate for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

The "**Compounded SONIA Index Rate**" for an Interest Period will be calculated by reference to the screen rate or index administered by the administrator of the Sterling Overnight Index Average reference rate that is published or displayed by such administrator or other information service from time to time at the relevant time on the relevant determination dates specified below, as further specified in the applicable Issue Terms (the "**SONIA Compounded Index**") and the following formula:

$$\left(\frac{SONIACompoundedIndex_y}{SONIACompoundedIndex_x} - 1\right) \times \frac{365}{d}$$

(E) *Definitions*

"**Compound Index End Date**" means the day falling "p" London Banking Days prior to the relevant Interest Payment Date for the relevant Interest Period;

"**d**" is the number of calendar days in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period; or

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period;

"**dO**" is the number of London Banking Days in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period; or

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period;

"**i**" is a series of whole numbers from one to dO, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period; or

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period;

"**Lock-Out Period**" means the period from (and including) the relevant Interest Determination Date to (and including) the last day included in the relevant Interest Period;

"**LBD**" means a London Banking Day;

"$\mathbf{n_i}$", for any London Banking Day "i", means the number of calendar days from and including such London Banking Day "i" up to but excluding the following London Banking Day;

"**Observation Look-Back Period**" is as specified in the applicable Issue Terms;

"Observation Period" means the period from (and including) the day falling "p" London Banking Days prior to the first day of the relevant Interest Period to (but excluding) the day falling "p" London Banking Days prior to the relevant Interest Payment Date for such Interest Period;

"**p**" is the number of London Banking Days included in the Observation Look-Back Period, as specified in the applicable Issue Terms;

"**Rate Determination Date**" means, in respect of an Interest Period, the London Banking Day specified in the applicable Issue Terms;

"**Relevant SONIA$_i$**" means, in respect of any London Banking Day "i":

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, SONIAi-pLBD;

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, SONIAiLBD; or

(c) where "Lock-Out" is specified as the Observation Method in the applicable Issue Terms:

(i) where such London Banking Day "i" does not fall in the relevant Lock-Out Period, the SONIA reference rate for the London Banking Day immediately preceding the relevant London Banking Day "i"; or

(ii) where such London Banking Day "i" falls in the relevant Lock-Out Period, the SONIA reference rate for the London Banking Day immediately preceding the relevant Interest Determination Date;

"**SONIA reference rate**", in respect of any London Banking Day, is a reference rate equal to the daily Sterling Overnight Index Average ("**SONIA**") rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day;

"$\mathbf{SONIA_{iLBD}}$" means, in respect of any London Banking Day "i", the SONIA reference rate for such London Banking Day "i";

"$\mathbf{SONIAi_{-pLBD}}$" means, in respect of any London Banking Day "i", the SONIA reference rate for the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i";

"**x**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the day falling "p" London Banking Days prior to the first day of the relevant Interest Period; and

"**y**" denotes that the relevant SONIA Compounded Index is the SONIA Compounded Index determined in relation to the Compounded Index End Date.

(F) *Fallbacks*

Unless "Compounded Index Rate" is specified as the Calculation Method in the applicable Issue Terms, if in respect of any relevant London Banking Day the Calculation Agent determines that the SONIA rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors as provided above and a Benchmark Transition Event has not occurred, the SONIA reference rate in respect of such London Banking Day shall be the rate determined by the Calculation Agent to be a commercially reasonable alternative for the SONIA rate by applying one of the following rates:

(1) a rate formally recommended for use by the administrator of the SONIA rate; or

(2) a rate formally recommended for use by the Bank of England (including any board thereof) or any committee officially endorsed and/or convened thereby or any other supervisor which is responsible for supervising the SONIA rate or the administrator of the SONIA rate,

in each case, during the period of non-publication of the SONIA rate and for so long as a Benchmark Transition Event has not occurred. If a rate described in sub-paragraph (i) is available, the Calculation Agent shall apply that rate. If no such rate is available but a rate described in sub-paragraph (ii) is available, the Calculation Agent shall apply that rate. If neither a rate described in sub-paragraph (i) nor a rate described in sub-paragraph (ii) is available, then the Calculation Agent shall determine a commercially reasonable alternative for the SONIA rate taking into account where available any rate implemented by central counterparties and/or futures exchanges, in each case with trading volumes in derivatives or futures referencing the SONIA rate that the Calculation Agent considers sufficient to be a representative alternative rate.

Where "Compounded Index Rate" is specified as the Calculation Method in the applicable Issue Terms, if in respect of any relevant London Banking Day the Calculation Agent determines that the SONIA Compounded Index is not provided or published as provided above and a Benchmark Transition Event has not occurred, the relevant rate in respect of such London Banking Day shall be the

rate determined by the Calculation Agent to be a commercially reasonable alternative for the SONIA Compounded Index by applying one of the following rates:

(1) a rate formally recommended for use by the administrator of the SONIA Compounded Index; or

(2) a rate formally recommended for use by the Bank of England (including any board thereof), or any committee officially endorsed and/or convened thereby, or any other supervisor which is responsible for supervising the SONIA Compounded Index or the administrator of the SONIA Compounded Index,

in each case, during the period of non-publication of the SONIA Compounded Index and for so long as a Benchmark Transition Event has not occurred. If a rate described in sub-paragraph (i) is available, the Calculation Agent shall apply that rate. If no such rate is available but a rate described in sub-paragraph (ii) is available, the Calculation Agent shall apply that rate. If neither a rate described in sub-paragraph (i) nor a rate described in sub-paragraph (ii) is available, then the Calculation Agent shall determine a commercially reasonable alternative for the SONIA Compounded Index taking into account where available any rate implemented by central counterparties and/or futures exchanges, in each case with trading volumes in derivatives or futures referencing the SONIA Compounded Index that the Calculation Agent considers sufficient for that rate to be a representative alternative rate.

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this N&C Condition 4.3(b)(iv) will be notified as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), by the Issuer to the Principal Paying Agent and the Paying Agents and, in accordance with N&C Security Condition 13 (*Notices*), to the N&C Securityholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

(G) *Accrued Interest*

If the N&C Securities are subject to redemption other than pursuant to N&C Security Condition 6.1, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Issue Terms, be deemed to be the due date for redemption of the N&C Securities and the Rate of Interest on such N&C Securities shall, for so long as any such N&C Security remains outstanding, be that determined on such date.

Notwithstanding anything to the contrary herein, if accrued interest is payable on any early redemption of the N&C Securities in respect of any period which is not an Interest Period:

(1) if the Calculation Method is "Compounded Daily Rate" and "Lag" is specified as the Observation Method or the Calculation Method is "Weighted Average Rate" and "Lock-Out" is specified as the Observation Method, the Compounded Daily SONIA or Weighted Average SONIA Rate, as applicable, used to calculate the Rate of Interest for those purposes will be determined on the basis of an Interest Period which ends on (but excludes) the due date for redemption;

(2) if the Calculation Method is "Weighted Average Rate" or "Compounded Daily Rate" and "Shift" is specified as the Observation Method, the Weighted Average SONIA Rate or Compounded Daily SONIA, as applicable, used to calculate the Rate of Interest for those purposes will be determined on the basis of an Observation Period which ends on (but

excludes) the day falling "p" London Banking Days prior to the due date for redemption;

(3) if the Calculation Method is "Single Daily Rate", the Daily SONIA Rate used to calculate the Rate of Interest for those purposes will be determined on the basis of a Rate Determination Date falling on the London Banking Day immediately preceding the due date for redemption; or

(4) if the Calculation Method is "Compounded Index Rate", the Compounded SONIA Index Rate used to calculate the Rate of Interest for those purposes will be determined on the basis of an Observation Period which ends on (but excludes), and a Compounded Index End Date of, the day falling "p" London Banking Days prior to the due date for redemption.

(v) *Overnight Rate Determination (€STR) for Floating Rate N&C Securities*

Where Overnight Rate Determination (€STR) is specified in the applicable Issue Terms as the manner in which the Rate of Interest is to be determined, the applicable Issue Terms shall specify the Calculation Method as "Compounded Daily Rate" (in which case the provisions of paragraph (A) below shall apply), "Weighted Average Rate" (in which case the provisions of paragraph (B) below shall apply) or "Single Daily Rate" (in which case the provisions of paragraph (C) below shall apply).

(A) *Calculation Method – Compounded Daily Rate*

Subject to N&C Security Condition 4.3(c) below, where "Compounded Daily Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) Compounded Daily €STR for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Compounded Daily €STR**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily euro short term rate as the reference rate for the calculation of interest) and will be calculated by the Calculation Agent on the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{Relevant€STR_i \times n_i}{360}\right)-1\right]\times\frac{360}{d}$$

(B) *Calculation Method – Weighted Average Rate*

Subject to N&C Security Condition 4.3(c) below, where "Weighted Average Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) the Weighted Average €STR Rate for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Weighted Average €STR Rate**" means, in respect of an Interest Period:

(a) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the rate calculated by the Calculation Agent on the relevant Interest Determination Date as the sum of the €STR reference rates in respect of each calendar day during the relevant Observation Period divided by the number of calendar days in the relevant Observation Period, with the resulting percentage being rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards. For these purposes, the €STR reference rate in respect of any calendar day which is not a TARGET2 Business Day shall be deemed to be the €STR reference rate in respect of the TARGET2 Business Day immediately preceding such calendar day; or

(b) where "Lock-Out" is specified as the Observation Method in the applicable Issue Terms, the rate calculated by the Calculation Agent on the relevant Interest Determination Date as the sum of the €STR reference rates in respect of each calendar day during such Interest Period divided by the number of calendar days in such Interest Period, with the resulting percentage being rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards, provided that for any calendar day that falls in the relevant Lock-Out Period, the €STR reference rate in respect of such day will be deemed to be the €STR reference rate in respect of the relevant Interest Determination Date. For these purposes and subject to the proviso above, the €STR reference rate in respect of any calendar day which is not a TARGET2 Business Day will be deemed to be the €STR reference rate in respect of the TARGET2 Business Day immediately preceding such calendar day.

(C) *Calculation Method – Single Daily Rate*

Subject to N&C Security Condition 4.3(c) below, where "Single Daily Rate" is specified as the Calculation Method in the applicable Issue Terms, the Rate of Interest for each Interest Period will, subject as provided below, be (x) the Daily €STR Rate for such Interest Period (y) plus or minus (as indicated in the applicable Issue Terms) the Margin, if any, the result of which will be (z) multiplied by the Rate Multiplier, if any, all as determined by the Calculation Agent.

Where:

"**Daily €STR Rate**" means, in respect of an Interest Period, the €STR reference rate in respect of the Rate Determination Date for such Interest Period.

(D) *Definitions*

"**d**" is the number of calendar days in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period;

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period; the relevant Interest Period;

"$\mathbf{d_o}$" is the number of TARGET2 Business Days in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period;

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period;

"**€STR reference rate**", in respect of any TARGET2 Business Day, is a reference rate equal to the daily euro short term ("**€STR**") rate for such TARGET2 Business

Day as provided by the European Central Bank, as the administrator of such rate (or any successor administrator of such rate) on the website of the European Central Bank at https://www.ecb.europa.eu/home/html/index.en.html, or any successor website for the publication of such rate (the "**ECB's Website**") or, if the ECB's Website is unavailable, as otherwise published by or on behalf of the relevant administrator in each case on the TARGET2 Business Day immediately following such TARGET2 Business Day;

"**€STR$_{iTBD}$**" means, in respect of any TARGET2 Business Day "i", the €STR reference rate for the TARGET2 Business Day "i";

"**€STRi$_{-pTBD}$**" means, in respect of any TARGET2 Business Day "i", the €STR reference rate for the TARGET2 Business Day falling "p" TARGET2 Business Days prior to the relevant TARGET2 Business Day "i";

"**i**" is a series of whole numbers from one to dO, each representing the relevant TARGET2 Business Day in chronological order from, and including, the first TARGET2 Business Day in:

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, the relevant Interest Period;

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, the relevant Observation Period;

"**Lock-Out Period**" means the period from (and including) the relevant Interest Determination Date to (and including) the last day included in the relevant Interest Period;

"**n_i**", for any TARGET2 Business Day "i", means the number of calendar days from and including such TARGET2 Business Day "i" up to but excluding the following TARGET2 Business Day;

"**Observation Look-Back Period**" is as specified in the applicable Issue Terms;

"**Observation Period**" means the period from (and including) the day falling "p" TARGET2 Business Days prior to the first day of the relevant Interest Period to (but excluding) the day falling "p" TARGET2 Business Days prior to the relevant Interest Payment Date for such Interest Period;

"**p**" is the number of TARGET2 Business Days included in the Observation Look-Back Period, as specified in the applicable Issue Terms;

"**Rate Determination Date**" means, in respect of an Interest Period, the TARGET2 Business Day specified in the applicable Issue Terms;

"**Relevant €STR$_i$**" means, in respect of any TARGET2 Business Day "i":

(a) where "Lag" is specified as the Observation Method in the applicable Issue Terms, €STRi-pTBD;

(b) where "Shift" is specified as the Observation Method in the applicable Issue Terms, €STRiTBD; or

(c) where "Lock-Out" is specified as the Observation Method in the applicable Issue Terms:

(i) where such TARGET2 Business Day "i" does not fall in the relevant Lock-Out Period, the €STR reference rate for such TARGET2 Business Day; or

(ii) where such TARGET2 Business Day "i" falls in the relevant Lock-Out Period, the €STR reference rate for the relevant Interest Determination Date; and

"**TBD**" means a TARGET2 Business Day.

(E) *Fallbacks*

If in respect of any relevant TARGET2 Business Day, the Calculation Agent determines that the €STR rate does not appear on the ECB's Website and has not otherwise been published by or on behalf of the relevant administrator as provided above and a Benchmark Transition Event has not occurred, the €STR rate in respect of such TARGET2 Business Day shall be the rate determined by the Calculation Agent to be a commercially reasonable alternative for the €STR rate by applying one of the following rates:

(1) a rate formally recommended for use by the administrator of the €STR rate; or

(2) a rate formally recommended for use by the European Central Bank (including any board thereof) or any committee officially endorsed and/or convened thereby or any other supervisor which is responsible for supervising the €STR rate or the administrator of the €STR rate,

in each case, during the period of non-publication of the €STR rate and for so long as a Benchmark Transition Event has not occurred. If a rate described in sub-paragraph (1) is available, the Calculation Agent shall apply that rate. If no such rate is available but a rate described in sub-paragraph (2) is available, the Calculation Agent shall apply that rate. If neither a rate described in sub-paragraph (1) nor a rate described in sub-paragraph (2) is available, then the Calculation Agent shall determine a commercially reasonable alternative for the €STR rate taking into account where available any rate implemented by central counterparties and/or futures exchanges, in each case with trading volumes in derivatives or futures referencing the €STR rate that the Calculation Agent considers sufficient to be a representative alternative rate.

(F) *Accrued Interest*

If the N&C Securities are subject to redemption other than pursuant to N&C Security Condition 6.1, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Issue Terms, be deemed to be the due date for redemption of the N&C Securities and the Rate of Interest on such N&C Securities shall, for so long as any such N&C Security remains outstanding, be that determined on such date.

Notwithstanding anything to the contrary herein, if accrued interest is payable on any early redemption of the N&C Securities in respect of any period which is not an Interest Period:

(1) if the Calculation Method is "Compounded Daily Rate" and "Lag" is specified as the Observation Method or the Calculation Method is "Weighted Average Rate" and "Lock-Out" is specified as the Observation Method, the Compounded Daily €STR or Weighted Average €STR Rate, as applicable, used to calculate the Rate of Interest for those purposes will be determined on the basis of an Interest Period which ends on (but excludes) the due date for redemption;

(2) if the Calculation Method is "Weighted Average Rate" or "Compounded Daily Rate" and "Shift" is specified as the Observation Method, the Weighted Average €STR Rate or Compounded Daily €STR, as applicable, used to calculate the Rate of Interest for those purposes will be determined on the basis of an Observation Period which ends on (but excludes) the

day falling "p" TARGET2 Business Days prior to the due date for redemption; or

(3) if the Calculation Method is "Single Daily Rate", the Daily €STR Rate used to calculate the Rate of Interest for those purposes will be determined on the basis of a Rate Determination Date falling on the TARGET2 Business Day immediately preceding the due date for redemption.

(vi) If, in respect of Exempt N&C Securities, the Reference Rate from time to time in respect of Floating Rate N&C Securities is specified in the applicable Pricing Supplement as being other than EURIBOR, the Bank of England Base Rate, SONIA or €STR, the Rate of Interest in respect of such Exempt N&C Securities will be determined as provided in the applicable Pricing Supplement.

(c) *Benchmark Transition Event*

Where (i) the Reference Rate is specified in the applicable Issue Terms as being EURIBOR or (ii) the manner in which the Rate of Interest is to be determined is specified in the applicable Issue Terms as being Overnight Rate Determination (SONIA) or Overnight Rate Determination (€STR), the provisions of this N&C Security Condition 4.3(c) will apply.

(i) *Benchmark Transition Event*

(x) Benchmark Replacement

Notwithstanding any other provision to the contrary in the Conditions but without prejudice to N&C Security Condition 6.4(e) (if applicable), if in respect of any determination of the Relevant Benchmark on any date the Calculation Agent determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred on or prior to such date, the Benchmark Replacement will replace the then-current Relevant Benchmark for all purposes relating to the N&C Securities in respect of such determination on such date and all determinations on all subsequent dates (including, without limitation, for the purposes of any Rate of Interest determined by reference to the then-current Relevant Benchmark).

(y) Benchmark Replacement Conforming Changes

In connection with the implementation of a Benchmark Replacement, the Calculation Agent will have the right to make Benchmark Replacement Conforming Changes from time to time.

(z) Decisions and Determinations

Any determination, decision or election that may be made by the Calculation Agent pursuant to this N&C Security Condition 4.3(c), including without limitation any determination with respect to tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error, will be made in the Calculation Agent's sole and absolute discretion, and, notwithstanding anything to the contrary in the Conditions, shall become effective without consent from the N&C Securityholders or any other party.

Any Benchmark Replacement, Benchmark Replacement Adjustment and the specific terms of any Benchmark Replacement Conforming Changes, determined under this N&C Condition 4.3(b)(iv) will be notified as soon as reasonably practicable (and in any event prior to the next relevant Interest Determination Date), by the Issuer to the Principal Paying Agent and the Paying Agents and, in accordance with N&C Security Condition 13 (*Notices*), the N&C Securityholders. Such notice shall be irrevocable and shall specify the effective date on which such changes take effect.

(ii) *Definitions*

"**Benchmark Replacement**" means:

(a) where the then-current Relevant Benchmark is an IBOR Benchmark and the Calculation Agent can determine the Interpolated Benchmark as of the Benchmark Replacement Date, the Interpolated Benchmark; or

(b) otherwise, the first alternative set forth in the order below that can be determined by the Calculation Agent as of the Benchmark Replacement Date:

(i) (in respect of an IBOR Benchmark only) the sum of: (x) the Term Relevant Replacement Rate and (y) the Benchmark Replacement Adjustment;

(ii) (in respect of an IBOR Benchmark only) the sum of: (x) the Compounded Relevant Replacement Rate and (y) the Benchmark Replacement Adjustment;

(iii) the sum of: (x) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the then-current Relevant Benchmark where applicable for the applicable Corresponding Tenor and (y) where applicable the Benchmark Replacement Adjustment (if any);

(iv) the sum of: (x) the ISDA Fallback Rate and (y) the Benchmark Replacement Adjustment (if any), unless the Calculation Agent determines in its sole and absolute discretion that the ISDA Fallback Rate is not an industry-accepted rate of interest as a replacement for the then-current Relevant Benchmark for floating rate notes denominated in the currency of such Relevant Benchmark (the "**Relevant Benchmark Currency**") at such time;

(v) the sum of: (x) the alternate rate of interest selected by the Calculation Agent as the replacement for the then-current Relevant Benchmark where applicable for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current Relevant Benchmark for floating rate notes denominated in the Relevant Benchmark Currency at such time and (y) the Benchmark Replacement Adjustment (if any).

"**Benchmark Replacement Adjustment**" means the first alternative set forth in the order below that can be determined by the Calculation Agent as of the Benchmark Replacement Date:

(a) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

(b) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Calculation Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current Relevant Benchmark with the applicable Unadjusted Benchmark Replacement for floating rate notes denominated in the Relevant Benchmark Currency at such time.

"**Benchmark Replacement Conforming Changes**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including without limitation changes to the definition of "Interest Period", determination dates, timing and frequency of determining rates and making payments, rounding of amounts, or tenors, and other administrative matters) that the Calculation Agent decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Calculation Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Calculation Agent determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Calculation Agent determines is reasonably necessary).

"**Benchmark Replacement Date**" means the earliest to occur of the following events with respect to the then-current Relevant Benchmark:

(a) in the case of paragraph (a) or (b) of the definition of "Benchmark Transition Event", the later of (x) the date of the public statement or publication of information referenced therein and (y) the date on which the administrator of the Relevant Benchmark permanently or indefinitely ceases to provide the Relevant Benchmark; or

(b) in the case of paragraph (c) of the definition of "Benchmark Transition Event", the effective date as of which the Relevant Benchmark will no longer be representative, which may be the date of the public statement or publication of information referenced in the definition of Benchmark Transition Event or another date.

For the purposes of the above, references to "Relevant Benchmark" shall include any daily published component used in the calculation of the then-current Relevant Benchmark.

"**Benchmark Transition Event**" means the occurrence of one or more of the following events with respect to the then-current Relevant Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of the Relevant Benchmark announcing that such administrator has ceased or will cease to provide the Relevant Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark;

(b) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark, the central bank for the Relevant Benchmark Currency, an insolvency official with jurisdiction over the administrator for the Relevant Benchmark, a resolution authority with jurisdiction over the administrator for the Relevant Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for the Relevant Benchmark, which states that the administrator of the Relevant Benchmark has ceased or will cease to provide the Relevant Benchmark permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Relevant Benchmark; or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of the Relevant Benchmark announcing that the Relevant Benchmark is no longer, or as of a specified future date will no longer be, representative.

For the purposes of the above, references to "Relevant Benchmark" shall include any daily published component used in the calculation of the then-current Relevant Benchmark.

"**Compounded Relevant Replacement Rate**" means the compounded average of the Relevant Replacement Rates of the Relevant Benchmark for the applicable Corresponding Tenor, with the rate, or methodology for this rate, and conventions for this rate (which, for example, may be compounded in arrear with a lookback and/or suspension and/or backward shifted observation period as a mechanism to determine the amount of interest payable prior to the end of each Interest Period) being established by the Calculation Agent in accordance with the rate, or methodology for this rate, and conventions for this rate selected or recommended by the Relevant Governmental Body for determining the compounded Relevant Replacement Rate; provided that, if, and to the extent that, the Calculation Agent determines that the Compounded Relevant Replacement Rate cannot be determined in accordance with the foregoing then the rate, or methodology for this rate, and conventions for this rate that have been selected by the Calculation Agent giving due consideration to any industry-accepted market practice for floating rate notes denominated in the Relevant Benchmark Currency at such time.

For the avoidance of doubt, the calculation of the Compounded Relevant Replacement Rate shall exclude the Benchmark Replacement Adjustment.

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Relevant Benchmark.

"**Euro Benchmark**" means, initially, EURIBOR of the appropriate tenor; provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to EURIBOR, or the then-current Euro Benchmark, then "**Euro Benchmark**" means the applicable Benchmark Replacement.

"**€STR**" with respect to any day means the euro short term rate published for such day by or on behalf of the European Central Bank, as the administrator of such rate (or any successor administrator of such rate.

"**€STR Benchmark**" means, initially, €STR of the appropriate tenor (if applicable); provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to €STR or the then-current €STR Benchmark, then "€STR Benchmark" means the applicable Benchmark Replacement.

"**IBOR Benchmark**" means EURIBOR.

"**Interpolated Benchmark**" with respect to the Relevant Benchmark means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Relevant Benchmark for the longest period for which the Relevant Benchmark is available that is shorter than the Corresponding Tenor and (2) the Relevant Benchmark for the shortest period for which the Relevant Benchmark is available that is longer than the Corresponding Tenor.

"**ISDA Definitions**" means, unless otherwise specified in the applicable Issue Terms, the 2006 ISDA Definitions published by the international Swaps and Derivatives Association, Inc. ("**ISDA**") or any successor thereto as amended or supplemented from time to time up to the Issue Date of the first Tranche of the N&C Securities (the "**2006 ISDA Definitions**"); provided that if "2021 ISDA Interest Rate Derivatives Definitions" is specified in the applicable Issue Terms, ISDA Definitions means the 2021 ISDA Interest Rate Derivatives Definitions published by ISDA or any successor thereto as amended or supplemented from time to time up to the Issue Date of the first Tranche of the N&C Securities (the "**2021 ISDA Interest Rate Derivatives Definitions**").

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions, as determined upon the occurrence of an Index Cessation Event (as defined in the ISDA Definitions) with respect to the Relevant Benchmark where applicable for the applicable tenor.

"**ISDA Fallback Rate**" means the rate that would apply for derivatives transactions referencing the ISDA Definitions, on or after the occurrence of an Index Cessation Effective Date (as defined in the ISDA Definitions) with respect to the Relevant Benchmark where applicable for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"**Relevant Benchmark**" means:

(a) where the Reference Rate is specified in the applicable Issue Terms as being EURIBOR, the Euro Benchmark;

(b) where the manner in which the Rate of Interest is to be calculated is specified in the applicable Issue Terms as being Overnight Rate Determination (SONIA), the SONIA Benchmark;

(c) where the manner in which the Rate of Interest is to be calculated is specified in the applicable Issue Terms as being Overnight Rate Determination (€STR), the €STR Benchmark;

"**Relevant Governmental Body**" means:

(a) where the Relevant Benchmark is the Sterling Benchmark or the SONIA Benchmark, the Bank of England (including any board thereof), or any committee officially endorsed and/or convened thereby;

(b) where the Relevant Benchmark is the Euro Benchmark or the €STR Benchmark, the European Central Bank (including any board thereof), or any committee officially endorsed and/or convened thereby;

(c) or in each case, any successor thereto.

"**Relevant Replacement Rate**" means, in respect of the Euro Benchmark, €STR.

"**SONIA**" with respect to any day means the Sterling Overnight Index Average rate as provided for such day by the Bank of England, as the administrator of such rate (or any successor administrator of such rate), to authorised distributors and published.

"**SONIA Benchmark**" means, initially, SONIA of the appropriate tenor (if applicable) or, where "Compounded Index Rate" is specified as the Calculation Method in the applicable Issue Terms, the SONIA Compounded Index, provided that if a Benchmark Transition Event and its related Benchmark Replacement Date have occurred with respect to SONIA or the SONIA Compounded Index, as applicable, or the then-current SONIA Benchmark, then "SONIA Benchmark" means the applicable Benchmark Replacement.

"**Term Relevant Replacement Rate**" means the forward-looking term rate for the applicable Corresponding Tenor based on the Relevant Replacement Rate that has been selected or recommended by the Relevant Governmental Body.

"**Unadjusted Benchmark Replacement**" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(d) *Minimum Rate of Interest and/or Maximum Rate of Interest*

If the applicable Issue Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If no other Minimum Rate of Interest for any Interest Period is specified in the applicable Issue Terms, then the Minimum Rate of Interest in respect of such Interest Period shall be deemed to be zero and in no event shall the Rate of Interest for such calculation period in accordance with N&C Security Condition 4.3(b) above be less than zero.

If the applicable Issue Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(e) *Determination of Rate of Interest and calculation of Interest Amounts*

The Principal Paying Agent, the Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of Variable Interest Rate N&C Securities will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Variable Interest Rate N&C Securities, if applicable, the Calculation Agent will determine the Rate of Interest as provided in the Payout Annex as completed by the applicable Issue Terms. The Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

In the case of Variable Interest Rate N&C Securities, if applicable, the Calculation Agent will determine the Interest Amount as provided in the Payout Annex as completed by the applicable Issue Terms.

Unless Day Count Fraction is specified as "Not Applicable" in the applicable Issue Terms, the Principal Paying Agent, the Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, in the case of Floating Rate N&C Securities, and the Calculation Agent, in the case of all other Variable Interest Rate N&C Securities, will calculate the amount of interest (the "Interest Amount") payable on the N&C Securities for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate N&C Securities and Variable Interest Rate N&C Securities which are represented by a Global N&C Security, the aggregate outstanding nominal amount of the applicable N&C Securities represented by such Global N&C Security;

(ii) in the case of Floating Rate N&C Securities and Variable Interest Rate N&C Securities which are in definitive form held by each N&C Securityholder, the aggregate outstanding nominal amount of such Floating Rate N&C Securities or Variable Interest Rate N&C Securities (as applicable) held by such N&C Securityholder,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure in accordance with the Rounding Convention (as specified in N&C Security Condition 5 (*Payments*) below). Where the Specified Denomination of a Floating Rate N&C Security or a Variable Interest Rate N&C Security in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such N&C Security shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. In such case, the Calculation Agent will notify the Principal Paying Agent of the Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

(f) *Linear Interpolation*

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent or the Calculation Agent, as applicable, by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Issue Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Issue Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be,

next longer, then the Principal Paying Agent or the Calculation Agent, as applicable, shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(g) *Notification of Rate of Interest and Interest Amounts*

The Principal Paying Agent, the Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange and/or market on which the relevant Floating Rate N&C Securities or a Variable Interest Rate N&C Securities are for the time being listed and/or admitted to trading and notice thereof to be published in accordance with N&C Security Condition 13 (*Notices*) as soon as possible after their determination but in no event later than the fourth (4th) London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange and/or market on which the relevant Floating Rate N&C Securities or Variable Interest Rate N&C Securities are for the time being listed and/or admitted to trading and to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*). For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

(h) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this N&C Security Condition 4.3 (*Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities*), whether by the Principal Paying Agent or, if applicable, the Calculation Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Principal Paying Agent, the Calculation Agent (if applicable), the other Paying Agents and all N&C Securityholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the N&C Securityholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent (if applicable) in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

4.4 **Interest on Exempt N&C Securities**

The rate or amount of interest, if any, payable in respect of Exempt N&C Securities which are not Fixed Rate N&C Securities or Floating Rate N&C Securities shall be determined in the manner specified in the applicable Pricing Supplement.

4.5 **Accrual of interest**

In respect of each interest bearing N&C Security no interest will be payable on any early redemption of the N&C Securities unless the relevant Interest Payment Date has occurred on or prior to the relevant Early Redemption Date and the interest payable in respect of such Interest Payment Date has not already been paid.

Unless early redeemed or purchased and cancelled, each N&C Security will cease to bear interest (if any) from the date for its final redemption or if earlier, the Scheduled Maturity Date unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue on the relevant payment of principal on a daily basis from and including such date of presentation at the relevant Rate of Interest and on the basis of the applicable Day Count Fraction or, if Day Count Fraction is specified as "Not Applicable" in the applicable Issue Terms, at such day count fraction as would customarily apply to the calculation of interest on securities denominated in the Specified Currency as selected by the Principal Paying Agent, the Calculation Agent or other person as specified in the applicable Issue Terms, as applicable, in the case of Fixed Rate N&C Securities and

Floating Rate N&C Securities, or the Calculation Agent, in the case of all other Variable Interest Rate N&C Securities acting in good faith and in a commercially reasonable manner, until whichever is the earlier of:

(a) the date on which all amounts due in respect of such N&C Security have been paid; and

(b) five (5) days after the date on which the full amount of the moneys payable in respect of such N&C Security has been received by the Principal Paying Agent or the Registrar, as the case may be, and notice to that effect has been given to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

4.6 **Business Day**

In these Conditions:

"**Business Day**" means a day which is both:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Issue Terms and if TARGET2 is specified, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (or any successor thereto) (the "**TARGET2 System**") is open; and

(b) either (x) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant currency (which if the currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (y) in relation to any sum payable in euro, a day on which the (TARGET2) System is open. Unless otherwise provided in the applicable Issue Terms, or as above, the principal financial centre of any currency for the purpose of these Conditions shall be as provided in the ISDA Definitions.

"**London Banking Day**" means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.

"**TARGET2 Business Day**" means a day on which TARGET2 is open.

4.7 **Interest calculations without a day count fraction**

If any amount of interest is to be determined and Day Count Fraction is specified as "Not Applicable" in the applicable Issue Terms such amount of interest will be calculated as specified in the applicable Issue Terms and any reference to a Day Count Fraction in this N&C Security Condition 4 will be deemed not to apply.

4.8 **Fixed Income Benchmark**

If the applicable Issue Terms specify that "Additional provisions relating to Fixed Income Benchmark N&C Securities" is applicable, then, in respect of any relevant Interest Determination Date or Reset Date specified in the applicable Issue Terms for which that Rate of Interest is to be determined, the Rate of Interest will be determined for these purposes only in accordance with this N&C Security Condition 4 (*Interest*) on the following basis:

(a) the N&C Securities are deemed to be Floating Rate N&C Securities to which Screen Rate Determination, ISDA Determination, Bank of England Base Rate Determination, Overnight Rate Determination (SONIA) or Overnight Rate Determination (€STR) applies as specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms and the Relevant Screen Page will be as specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms;

(b) if Screen Rate Determination applies the Reference Rate will mean the relevant EURIBOR rate as specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms and the Relevant Screen Page will be as specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms;

(c) if ISDA Determination applies the Floating Rate Option and the Designated Maturity or compounding period (as applicable) will be deemed to be the relevant option and period respectively specified under the heading "Fixed Income Benchmark" in the applicable Issue Terms;

(d) if Bank of England Base Rate Determination applies the Designated Maturity and Relevant Screen Page will be deemed to be the relevant period and page respectively specified under the heading "Fixed Income Benchmark" in the applicable Issue Terms;

(e) if Overnight Rate Determination (SONIA) applies the Calculation Method, Observation Method, Relevant Screen Page, Rate Determination Date and Observation Look-Back Period will be deemed to be the relevant calculation method, observation method, page, date and period respectively specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms;

(f) if Overnight Rate Determination (€STR) applies the Calculation Method, Observation Method, Rate Determination Date and Observation Look-Back Period will be deemed to be the relevant calculation method, observation method, date and period respectively specified under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms;

(g) each day on which the Rate of Interest is to be determined will be deemed to be a Reset Date;

(h) each of the Margin, the Minimum Rate of Interest, the Maximum Rate of Interest and the Additional Business Centre, if any, will be the values or centres specified as such under the heading "Additional provisions relating to Fixed Income Benchmark N&C Securities" in the applicable Issue Terms;

(i) the Calculation Agent will be the party making all Rate of Interest determinations and, where Screen Rate Determination applies, notwithstanding the final paragraph of N&C Security Condition 4.3(b)(ii), if the Calculation Agent is unable to determine the Rate of Interest in accordance with N&C Security Condition 4.3(b)(ii), the Rate of Interest will be determined by the Calculation Agent in good faith and in a commercially reasonable manner as the rate it determines would have prevailed but for the relevant disruption or other event.

4.9 **Delay of interest payment**

In the event that pursuant to any adjustment or disruption provision in the Conditions any payment of interest would be delayed beyond the Maturity Date payment will be made in such manner as shall be notified to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

5. **Payments**

5.1 **Payments in respect of Definitive Bearer N&C Securities**

(a) *Payments in respect of Definitive Bearer N&C Securities*

Subject as provided below:

(i) payments in a Specified Currency other than euro or U.S. Dollars will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency;

(ii) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque; and

(iii) payments will be made in U.S. Dollars by transfer to a U.S. Dollar account maintained by the payee with a bank outside of the United States (which expression, as used in this N&C Security Condition 5, means the United States of America, including the states and the District of Columbia and its possessions), or by cheque drawn on a United States bank. In no event will payment in respect of any Definitive Bearer N&C Security be made by a cheque mailed to an address in the United States. All payments of interest in respect of Definitive Bearer N&C Securities will be made to accounts located outside the United States except as may be permitted by United States tax law in effect at the time of such payment without detriment to the Issuer.

(b) *Payment of Principal and Interest in respect of Definitive Bearer N&C Securities and Coupons*

Payments of principal in respect of Definitive Bearer N&C Securities will (subject as provided below) be made in the manner provided in N&C Security Condition 5.1(a) (*Payments in respect of Definitive Bearer N&C Securities*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Definitive Bearer N&C Securities, and payments of interest in respect of Definitive Bearer N&C Securities will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the states and the District of Columbia and its possessions)).

(c) *Missing Unmatured Coupons*

Fixed Rate N&C Securities in definitive bearer form (other than Long Maturity N&C Securities (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten (10) years after the Relevant Date (as defined in N&C Security Condition 8 (*Prescription*)) in respect of such principal (whether or not such Coupon would otherwise have become void under N&C Security Condition 8 (*Prescription*)) or, if later, five (5) years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

(d) *Unmatured Coupons and Talons void*

Upon any Fixed Rate N&C Security in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate N&C Security, Variable Interest Rate N&C Security or Long Maturity N&C Security in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity N&C Security**" is a Fixed Rate N&C Security (other than a Fixed Rate N&C Security which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such N&C Security shall cease to be a Long Maturity N&C Security on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such N&C Security.

If the due date for redemption of any Definitive Bearer N&C Security is not an Interest Payment Date, interest (if any) accrued in respect of such N&C Security from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall

be payable only against presentation and surrender of the relevant Definitive Bearer N&C Security.

(e) *Payments of Principal and Interest in respect of Global N&C Securities*

Payments of principal and interest (if any) in respect of N&C Securities represented by any Global N&C Security in bearer form will (subject as provided below) be made in the manner specified above in relation to Definitive Bearer N&C Securities and otherwise in the manner specified in the Definitive Bearer Global N&C Securities against presentation or surrender, as the case may be, of such Global N&C Securities at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Global N&C Securities, distinguishing between any payment of principal and any payment of interest, will be made on such Global N&C Securities by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

No payments of principal, interest or other amounts due in respect of a Global N&C Security will be made by mail to an address in the United States or by transfer to an account maintained in the United States.

5.2 **Payments in respect of Immobilised Bearer Global N&C Securities**

Payments of any amounts owing in respect of the Immobilised Bearer Global N&C Securities (including principal, interest and instalments, if any) will be made by the Issuer in the Settlement Currency to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to the Custodian in its capacity as the bearer of the relevant Immobilised Bearer Global N&C Securities and the amount so received by the Custodian is forwarded by it to the Book-Entry Depositary in accordance with the terms of the N&C Securities Depositary Agreement. Upon receipt of any such amounts, the Book-Entry Depositary will pay the amounts so received to the common depositary for Euroclear and/or Clearstream, Luxembourg, as applicable, which will distribute such payments to participants in accordance with their procedures.

The Issuer, the Principal Paying Agent and the Registrar will treat the bearer of the Immobilised Bearer Global N&C Securities as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Issuer, the Book-Entry Depositary, any Agent, the Registrar or any agent of the Issuer, any Agent or the Registrar has or will have any responsibility or liability for:

(a) any aspect of the records of Euroclear, Clearstream, Luxembourg or any participants or indirect participant relating to, or payments made on account of, Euroclear, Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or

(b) Euroclear, Clearstream, Luxembourg or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

In the event any Immobilised Bearer Global N&C Security (or any portion thereof) is redeemed, the Book-Entry Depositary will, through Euroclear or Clearstream, Luxembourg, as applicable, redeem an equal amount of the Book-Entry Interests in such Immobilised Bearer Global N&C Security from the amount received by it in respect of the redemption of such Immobilised Bearer Global N&C Security. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by the Book-Entry Depositary in connection with the redemption of such Immobilised Bearer Global N&C Securities (or any portion thereof).

5.3 **Payments in respect of Definitive Registered N&C Securities**

(a) *Payments of principal in respect of Definitive Registered N&C Securities*

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Definitive Registered N&C Security will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Definitive Registered N&C

Security at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account of the holder (or the first named of joint holders) of the Definitive Registered N&C Security appearing in the register of holders of the Definitive Registered N&C Security maintained by the Registrar (the "**Register**") at the close of business on the fifteenth (15th) calendar day (whether or not such fifteenth day is a business day) before the relevant due date (the "**Record Date**"). Notwithstanding the previous sentence, if a holder does not have a Designated Account, payment will instead be made by a cheque in the Specified Currency drawn on a Designated Bank. For these purposes, "**Designated Account**" means the account maintained by a holder with a designated bank and identified as such in the Register and "**Designated Bank**" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency and (in the case of a payment in euro) any bank which processes payments in euro.

(b) *Payments of interest in respect of Definitive Registered N&C Securities*

Payments of interest in respect of each Definitive Registered N&C Security, if any, will be made by a cheque in the Specified Currency drawn on a Designated Bank and mailed by uninsured mail on the business day in the city where the specified office of the Registrar is located immediately preceding the relevant due date to the holder (or the first named of joint holders) of the Definitive Registered N&C Security appearing in the Register at the close of business on the Record Date at his address shown in the Register on the Record Date and at his risk. Upon application of the holder to the specified office of the Registrar not less than three (3) business days in the city where the specified office of the Registrar is located before the due date for any payment of interest in respect of a Definitive Registered N&C Security, the payment may be made by transfer on the due date in the manner provided in the preceding paragraph. Any such application for transfer shall be deemed to relate to all future payments of interest (other than interest due on redemption) and instalments of principal (other than the final instalment) in respect of the Definitive Registered N&C Securities which become payable to the holder who has made the initial application until such time as the Registrar is notified in writing to the contrary by such holder. Payment of the interest due in respect of each Definitive Registered N&C Security on redemption will be made in the same manner as payment of the principal amount of such Definitive Registered N&C Security.

Holders of Definitive Registered N&C Securities will not be entitled to any interest or other payment for any delay in receiving any amount due in respect of any Definitive Registered N&C Security as a result of a cheque posted in accordance with this N&C Security Condition arriving after the due date for payment or being lost in the post. No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Definitive Registered N&C Securities.

5.4 **General provisions applicable to payments**

(a) The holder of a Global N&C Security shall be the only person entitled to receive payments or to make a claim in respect of N&C Securities represented by such Global N&C Security and the Issuer will be discharged by payment to, or to the order of, the holder of such Global N&C Security in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Issue Terms, as the beneficial holder of a particular nominal amount or number of units of N&C Securities represented by such Global N&C Security must look solely to Euroclear or Clearstream, Luxembourg or the relevant clearance system specified in the applicable Issue Terms, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global N&C Security.

(b) Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto but without prejudice to the provisions of N&C Security Condition 7 (*Taxation*) and (ii) any withholding or deduction required: (a) pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law or guidance implementing an intergovernmental approach thereto (collectively, "**FATCA**"); and (b) pursuant to Section 871(m) of the Code ("**871(m) Withholding**"). Any such amounts withheld or deducted will be treated as paid for all purposes

under the N&C Securities, and no additional amounts will be paid on the N&C Securities with respect to any such withholding or deduction.

In addition, in determining the amount of 871(m) Withholding imposed with respect to any amounts to be paid on the N&C Securities, the Issuer shall be entitled to withhold on any "dividend equivalent" (as defined for purposes of Section 871(m) of the Code) at the highest rate applicable to such payments regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law.

Payments on the N&C Securities that, via their linkage to Preference Shares indirectly, reference U.S. securities or an index that includes U.S. securities may be calculated by reference to dividends on such U.S. securities that are reinvested at a rate of 70%. In such case, in calculating the relevant payment amount, the holder will, for certain US tax purposes, be deemed to receive, and the Issuer will be deemed to withhold, 30% of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

(c) Upon the date on which any Variable Interest Rate N&C Securities in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

5.5 **Place of Payment**

Notwithstanding the foregoing provisions of this N&C Security Condition 5, if any amount of principal and/or interest in respect of N&C Securities (other than those in definitive registered form) is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such N&C Securities will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer N&C Securities in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

Any amount payable in respect of an N&C Security which exceeds the sum subscribed represents an amount payable by the Issuer (i) as consideration for the use of the sum subscribed by the Issuer and (ii) as compensation for and in recognition that in certain circumstances the amount repayable on maturity may be less than the sum subscribed or that the amount paid in excess of the sum subscribed may have been less than the prevailing rate of interest (generally payable by the Issuer) at the time when the N&C Securities were issued.

5.6 **Payment Days**

Subject to N&C Security Condition 4.3(a) (*Interest Payment Dates*), if the date for payment (the "**Relevant Payment Date**") of any amount in respect of any N&C Security or Coupon is not a Payment Day, the holder thereof will instead be entitled to payment on the relevant day determined in accordance with the relevant Payment Day Convention as set out below and will not be entitled to any further interest or other payment in respect of any delay.

Where:

(a) the Payment Day Convention is specified as "Following" in the applicable Issue Terms, or where no Payment Day Convention is specified in the applicable Issue Terms, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place;

(b) the Payment Day Convention is specified as "Modified Following" in the applicable Issue Terms, the holder thereof shall not be entitled to payment until the next day which is a Payment Day unless such day falls in the next calendar month, in which event such holder shall be entitled to payment on the Payment Day immediately preceding the Relevant Payment Date (the "**Adjusted Date for Payment**"); and

(c) the Payment Day Convention is specified as "Preceding" in the applicable Issue Terms, the holder thereof shall be entitled to payment on the Payment Day immediately preceding the Relevant Payment Date (the "**Adjusted Date for Payment**"),

Provided that, in the event that any day upon which a valuation or determination is required to be made for the purposes of determining the amount of the payment to be made in respect of the Relevant Payment Date (each such date a "**Relevant Valuation Date**") would, as a result of the adjustment anticipated in paragraph (b) or (c) above, fall after the second Business Day preceding the Adjusted Date for Payment, N&C Securityholders will not be entitled to the relevant payment due in respect of the Relevant Payment Date until the day falling two (2) Business Days following the last occurring Relevant Valuation Date.

"**Payment Day**" means any day which (subject to N&C Security Condition 8 (*Prescription*)):

(a) is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of N&C Securities in definitive form only, the relevant place of presentation; and

(ii) each Additional Financial Centre specified in the applicable Issue Terms; and

(b) either (A) in relation to any sum payable in a relevant currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of each such relevant currency (which if the relevant currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.7 **Interpretation of principal**

Any reference in the Conditions to principal in respect of the N&C Securities shall be deemed to include, as applicable:

(a) the Final Redemption Amount of the N&C Securities;

(b) the Early Redemption Amount of the N&C Securities; and

(c) the Optional Redemption Amount(s) (if any) of the N&C Securities.

5.8 **Rounding Convention**

For the purposes of calculations made pursuant to N&C Security Condition 4.2 (*Interest on Fixed Rate N&C Securities*), N&C Security Condition 4.3 (*Interest on Floating Rate N&C Securities and Variable Interest Rate N&C Securities*), and N&C Security Condition 6 (*Redemption and Purchase*) any figure to be rounded will, if other than a sub-unit in the relevant Specified Currency:

(a) if "Rounded Up" is specified in the applicable Issue Terms, be rounded upwards to the next sub-unit of the relevant Specified Currency;

(b) if "Rounded Down" is specified in the applicable Issue Terms, be rounded downwards to the next sub-unit of the relevant Specified Currency; or

(c) in the event that no Rounding Convention is specified in the applicable Issue Terms be rounded down as if "Rounded Down" had been specified,

provided that, in each case, the Calculation Amount in respect of N&C Securities which are (i) held by the same N&C Securityholder, (ii) of the same Series and (iii) in definitive form, shall be aggregated for

the purpose of determining the aggregate amount (a) of interest due in respect of any Interest Payment Date or (b) payable in respect of principal due (including for the avoidance of doubt the Final Redemption Amount).

5.9 **Sub-units**

In these Conditions, "**sub-unit**" means, with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, one cent.

6. **Redemption and Purchase**

6.1 **Redemption at maturity**

(a) Unless previously redeemed or purchased and cancelled as specified below, each N&C Security will be redeemed by the Issuer at its Final Redemption Amount in the relevant Specified Currency, on the Maturity Date (each as specified in the applicable Final Terms).

(b) The "**Final Redemption Amount**" in respect of each nominal amount of the N&C Securities equal to the Calculation Amount shall be an amount rounded in accordance with N&C Security Condition 5.8 above in the Specified Currency calculated by the Calculation Agent equal to:

$$Calculation\ Amount \times \frac{PreferenceShare\ Value_{final}}{PreferenceShare\ Value_{initial}}$$

Where:

"**Company**" means Santander UK (Structured Solutions) Limited;

"**Final Reference Date**" means the number of Business Days specified in the applicable Issue Terms following the Preference Share Valuation Date;

"**Initial Reference Date**" has the meaning specified in the applicable Issue Terms;

"**Preference Shares**" means the series of redeemable preference shares of the Company specified in the applicable Issue Terms;

"**Preference Share Valuation Date**" means:

(a) the date so specified in the relevant Issue Terms, or,

(b) if the Preference Shares become subject to redemption due to a related financial product being subject to early redemption, the date scheduled for valuation of the underlying asset(s) or reference basis(es) for the Preference Shares; or

(c) if any date(s) for valuation of the underlying asset(s) or reference basis(es) (or any part thereof) for the Preference Shares falling on or about such day described in (a) or (b) above, as the case may be, is or is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Preference Share Valuation Date will be such delayed valuation or determination date(s) (or, if the relevant Preference Shares have more than one underlying asset or reference basis, the last occurring of such delayed valuation or determination date(s) if there is more than one delayed valuation date or delayed determination date),

in each case, as determined by the Calculation Agent;

"**Preference Share Value**" means, in respect of any day, the fair market value per Preference Share at the Valuation Time on that day as determined by the Calculation Agent using its internal models and methodologies by reference to such factors as the Calculation Agent considers to be appropriate including, but not limited to, (a) interest rates, index levels, implied volatilities in the option markets and exchange rates; (b) the remaining life of the Preference Share had they not been redeemed until the Final Preference Share Valuation Date; (c) the value

at the relevant time of any redemption amount which would have been applicable had the Preference Share remained outstanding to the Final Preference Share Redemption Date and/or any Early Preference Share Redemption Date; and (d) prices at which other market participants might bid for shares similar to the Preference Shares;

"**Preference Share Value$_{final}$**" means the Preference Share Value on the Final Reference Date;

"**Preference Share Value$_{initial}$**" means the Preference Share Value on the Initial Reference Date, and

"**Valuation Time**" means the time specified as such in the Issue Terms,

all as determined by the Calculation Agent.

6.2 **Redemption at the option of the Issuer (Issuer Call)**

*This N&C Security Condition 6.2 applies to N&C Securities which are subject to redemption prior to the Maturity Date at the option of the Issuer (other than for taxation reasons), such option being referred to as an "**Issuer Call**". The applicable Issue Terms completes provisions applicable to any Issuer Call and must be read in conjunction with this N&C Security Condition 6.2 for full information on any Issuer Call. In particular, the applicable Issue Terms will identify the Optional Preference Share Redemption Valuation Date.*

If Issuer Call is specified as being applicable in the applicable Issue Terms, the Issuer may, having given (i) not less than 5 Business Days' notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) and (ii) not less than 15 days before the giving of the notice referred to in part (i) of this paragraph, notice to the Principal Paying Agent and, in the case of a redemption of Definitive Registered N&C Securities, the Registrar (which notices will be irrevocable and will specify the date fixed for redemption), redeem all but not some only of the N&C Securities then outstanding on any Optional Redemption Date and at the Optional Redemption Amount.

For the purposes of these Conditions:

"**Optional Redemption Amount**" means an amount rounded in accordance with N&C Security Condition 5.8 above in the Specified Currency calculated by the Calculation Agent on the same basis as the Final Redemption Amount (as defined in N&C Security Condition 6.1 above) except that, for these purposes, the definition of Preference Share Value$_{final}$ will be the Preference Share Value on the Optional Redemption Valuation Date;

"**Optional Redemption Date(s)**" means the third Business Day following the Optional Redemption Valuation Date;

"**Optional Redemption Valuation Date**" means the third Business Day following the Optional Preference Share Redemption Valuation Date; and

"**Optional Preference Share Redemption Valuation Date**" means the date specified as such in the applicable Issue Terms or, if such date for valuation of or any determination in respect of the underlying asset or reference basis (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the Optional Preference Share Redemption Valuation Date shall be such delayed valuation or determination date (or the last occurring such delayed valuation date or determination date, if there is more than one delayed valuation date or delayed determination date), all as determined by the Calculation Agent.

6.3 **Redemption for tax reasons**

If Issuer Tax Call is specified as being applicable in the applicable Issue Terms, subject to N&C Security Condition 6.5, the N&C Securities may be redeemed at the option of the Issuer (such option being referred to as an "**Issuer Tax Call**") in whole, but not in part, at any time (if this N&C Security is not a Floating Rate N&C Security or a Variable Interest Rate N&C Security) or on any Interest Payment Date (if this N&C Security is a Floating Rate N&C Security or a Variable Interest Rate N&C Security), on

giving not less than 5 Business Days' notice to the Principal Paying Agent and, in accordance with N&C Security Condition 13 (*Notices*), the N&C Securityholders (which notice will be irrevocable), if:

(a) on the occasion of the next payment due under the N&C Securities, the Issuer has or will become obliged to deduct, withhold or otherwise pay or account for any present or future taxes, duties, assessments or governmental charges levied; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it. Reasonable measures shall not include anything or which would cause the Issuer to incur any material costs, and

such circumstances being referred to as "**Issuer Tax Call Circumstances**" provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer be obliged to account for any such taxes, duties, assessments or governmental changes were a payment in respect of the N&C Securities then due.

Before the publication of any notice in respect of an Issuer Tax Call, the Issuer shall deliver to the Principal Paying Agent a certificate duly signed by the Issuer stating that the Issuer is entitled to effect such redemption on the basis of an opinion of a firm of independent legal advisers or accountants dated no earlier than three months prior to the date of such notice to the effect either that:

(a) Issuer Tax Call Circumstances exist; or that

(b) upon a change in or amendment to the laws or regulations of the United Kingdom or other relevant jurisdiction (including any authority or political subdivision therein or thereof having power to tax), including any treaty to which the relevant jurisdiction is a party, or a change in the official application of those laws or regulations, which at the date of such certificate is proposed to be made and in the opinion of such firm is reasonably expected to become effective on or prior to the date when the relevant payment in respect of the N&C Securities would otherwise be made, becoming so effective, Issuer Tax Call Circumstances would exist.

N&C Securities redeemed pursuant to this N&C Security Condition will be redeemed at their Early Redemption Amount referred to in N&C Security Condition 6.5 below.

6.4 **Other early redemption or adjustment events**

(a) *Early redemption of the Preference Shares*

If the Issuer receives a notice from the Company of early redemption of the Preference Shares for any reason other than a related financial product being subject to early redemption, the Issuer may, having given not less than 5 Business Days' notice to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*), redeem each N&C Security at its Early Redemption Amount on the Early Redemption Date, each as defined in N&C Security Condition 6.5 below.

(b) *Early redemption for illegality*

If Issuer Illegality Call is specified as being applicable in the applicable Issue Terms, in the event that the Calculation Agent determines in good faith and in a reasonable manner that the performance of the obligations of the Issuer under the N&C Securities or any arrangement made to hedge the Issuer's obligations under the N&C Securities, has or will in the immediate future become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgement, order or directive of any governmental, administrative, legislative or judicial authority or power (but, if not having the force of law, only if compliance with it is in accordance with the general practice of persons to whom it is intended to apply), or the interpretation thereof, the Issuer may, if and to the extent permitted by law, having given not less than 5 Business Days' notice to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*), redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at its Early Redemption Amount on the Early Redemption Date (each as defined in N&C Security Condition 6.5 below).

(c) *Early redemption following a securities hedging disruption*

If a Securities Hedging Disruption occurs, the Issuer acting in good faith and in a commercially reasonable manner may redeem all, but not some only, of the N&C Securities by giving not less than 5 Business Days' notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*). If the N&C Securities are so redeemed the Issuer may redeem each N&C Security at its Early Redemption Amount on the Early Redemption Date, each as defined in N&C Security Condition 6.5 below.

(d) *Regulatory Redemption Event*

If Issuer Regulatory Call is specified as applicable in the applicable Issue Terms, in the event that the Calculation Agent determines that a change in applicable law or regulation has occurred which results or will result, solely by reason of the N&C Securities being outstanding, in the Issuer being required to be regulated by any additional jurisdiction or regulatory authority, or being subject to any additional legal requirement or regulation considered by the Issuer to be materially onerous to it, the Issuer having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Issue Terms to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) (which notice shall be irrevocable) may, on the expiry of such notice redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount. Payment shall be made in such manner as shall be notified to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

(e) *Redemption or adjustment for an Administrator/Benchmark Event*

In the event that an Administrator/Benchmark Event occurs, the Issuer may (at its option):

(i) instruct the Calculation Agent to make such adjustments to the Conditions of the N&C Securities as it may determine appropriate to account for the relevant event or circumstance and, without limitation, such adjustments may include selecting a successor benchmark(s) and making related adjustments to the Conditions and, in the case of more than one successor benchmark, making provision for allocation of exposure as between the successor benchmarks; or

(ii) having given not less than the minimum period and not more than the maximum period of notice specified in the applicable Issue Terms to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) (which notice shall be irrevocable), on expiry of such notice redeem all, but not some only, of the N&C Securities, each N&C Security being redeemed at the Early Redemption Amount.

For the avoidance of doubt, the above is additional, and without prejudice, to any other terms of the N&C Securities. In the event that under any such terms any other consequences could apply in relation to an event or occurrence the subject of an Administrator/Benchmark Event, the Issuer shall determine which terms shall apply in its sole and absolute discretion.

For these purposes,

"**Administrator/Benchmark Event**" means the Calculation Agent determines that (1) a Benchmark Modification or Cessation Event has occurred or will occur or (2) any authorisation, registration, recognition, endorsement, equivalence decision, approval or inclusion in any official register in respect of a relevant Benchmark or the administrator or sponsor of a relevant Benchmark has not been, or will not be, obtained or has been, or will be, rejected, refused, suspended or withdrawn by the relevant competent authority or other relevant official body, in each case with the effect that the Issuer or the Calculation Agent or any other entity is not, or will not be, permitted under any applicable law or regulation to use the relevant Benchmark to perform its or their respective obligations under the N&C Securities or (3) it is not commercially reasonable to continue the use of the Benchmark in connection with the N&C Securities as a result of any applicable licensing restrictions or changes in the cost of obtaining or maintaining any relevant licence (including, without limitation, where the Issuer, the Calculation Agent or any other entity is required to hold a valid licence in order to issue or perform its obligations in

respect of the N&C Securities and for any reason such licence is either not obtained, not renewed or is revoked or there is a material change in the cost of obtaining or renewing such licence);

"**Benchmark**" means any figure which is a benchmark as defined in BMR and where any amount payable under the N&C Securities, or the value of the N&C Securities, is determined by reference in whole or in part to such figure, all as determined by the Calculation Agent;

"**Benchmark Modification or Cessation Event**" means, in respect of the Benchmark any of the following:

(i) any material change in such Benchmark; or

(ii) the permanent or indefinite cancellation or cessation in the provision of such Benchmark;

"**BMR**" means the UK Benchmarks Regulation (Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of EUWA), as amended from time to time;

"**Securities Hedging Disruption**" means that any Securities Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk, including but not limited to the currency risk, of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent; and

"**Securities Hedging Party**" means, at any relevant time, the Issuer or any of its Affiliates or any other entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the N&C Securities as the Issuer may select at such time.

6.5 **Early redemption and Early Redemption Amounts**

In the event of an early redemption of N&C Securities, each N&C Security shall be redeemed at its Early Redemption Amount on the applicable Early Redemption Date.

For these purposes:

"**Early Preference Share Redemption Valuation Date**" means:

(a) if the N&C Securities become subject to early redemption (i) pursuant to N&C Security Condition 6.3 above, (ii) pursuant to the terms of any applicable Annex to these Conditions, (iii) on receipt by the Issuer of a notice of early redemption of the Preference Shares from the Company (as described in N&C Security Condition 6.4(a) above), (iv) following the occurrence of an illegality (pursuant to N&C Security Condition 6.4(b) above), (v) following the occurrence of a securities hedging disruption (pursuant to N&C Security Condition 6.4(c) above), (vi) following the occurrence of a relevant change in law or regulation (pursuant to N&C Security Condition 6.4(d) above or (vi) following the occurrence of a relevant Administrator/Benchmark Event (pursuant to N&C Security Condition 6.4(e) above, the Early Preference Share Redemption Valuation Date specified in the notice of early redemption given by the Issuer (or the Calculation Agent on its behalf) in accordance with N&C Security Condition 13 (*Notices*); or

(b) where the N&C Securities are subject to early redemption under N&C Security Condition 9 below, the 5th Business Day following the date on which the relevant N&C Securityholder's written notice referred to therein is given,

or, in each case, if any date(s) for valuation of or any determination of the underlying asset(s) or reference basis(es) (or any part thereof) for the Preference Shares falling on or about such day is to be delayed in accordance with the terms and conditions of the Preference Shares by reason of a disruption or adjustment event, the relevant Early Preference Share Redemption Valuation Date shall be such delayed valuation or determination date (or, if the relevant Preference Shares have more than one underlying asset or reference basis, the last occurring of such delayed valuation date(s) or determination date(s), if there is

more than one delayed valuation date or delayed determination date), all as determined by the Calculation Agent;

"**Early Redemption Amount**" shall be an amount rounded in accordance with N&C Security Condition 5.8 above in the Specified Currency calculated by the Calculation Agent on the same basis as the Final Redemption Amount (as defined in N&C Security Condition 6.1 above) except that, for these purposes only, the definition of Preference Share $\text{Value}_{\text{final}}$ shall be the Preference Share Value on the Early Redemption Valuation Date;

"**Early Redemption Date**" shall be the third Business Day following the Early Redemption Valuation Date; and

"**Early Redemption Valuation Date**" shall be the third Business Day following the Early Preference Share Redemption Valuation Date.

6.6 **Purchases**

The Issuer or any of its respective Affiliates (as defined below) may at any time purchase N&C Securities (provided that, in the case of Definitive Bearer N&C Securities, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise, in accordance with applicable laws and regulations. Such N&C Securities may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent and/or the Registrar for cancellation.

6.7 **Cancellation**

All N&C Securities which are redeemed will forthwith be cancelled (together, in the case of Definitive Bearer N&C Securities, with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All N&C Securities so cancelled and any N&C Securities purchased and cancelled pursuant to N&C Security Condition 6.6 (*Purchases*) above (together, in the case of Definitive Bearer N&C Securities, with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.8 **Other Relevant Definitions**

For the purposes of the Conditions:

"**Affiliate**" means, in relation to any entity (the "**First Entity**"), any entity controlled, directly or indirectly, by the First Entity, any entity that controls, directly or indirectly, the First Entity or any entity directly or indirectly under common control with the First Entity. For these purposes "**control**" means ownership of a majority of the voting power of an entity or person or, if the Calculation Agent determines appropriate, the power to direct or cause the direction of the management and policies of the First Entity, whether by contract, or otherwise.

7. **Taxation**

All payments of principal and interest, if any, in respect of the N&C Securities and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied unless such withholding or deduction is required by law. In such event, the Issuer (or as the case may be, the relevant Paying Agent) will make such payment after the withholding or deduction of such taxes, duties, assessments or governmental charges has been made, shall account (if relevant) to the relevant authorities for the amount required to be withheld or deducted and shall not pay any additional amounts to the holders of the N&C Securities or Coupons.

8. **Prescription**

The N&C Securities (whether in bearer or registered form) and Coupons will become void unless presented for payment within a period of ten (10) years (in the case of principal) and five (5) years (in the case of interest) after the Relevant Date therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this N&C Security Condition 8 or N&C

Security Condition 5.1(d) (*Payments in respect of Definitive Bearer N&C Securities – Unmatured Coupons and Talons void*) or any Talon which would be void pursuant to N&C Security Condition 5.1(d) (*Payments in respect of Definitive Bearer N&C Securities – Unmatured Coupons and Talons void*).

For the purposes of these Conditions, the "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent or the Registrar, as the case may be on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

9. **Events of Default**

(a) If Events of Default is specified as being applicable in the applicable Issue Terms, if (a) any one or more of the following events shall occur and be continuing and (b) the holders of at least twenty-five per cent. (25%) in nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities then outstanding so request, the Issuer by notice (with a copy to the Principal Paying Agent) in relation to the same event given in accordance with N&C Security Condition 13 (*Notices*), then, upon the date of such notice requirement in (b) above being satisfied or, in the case of an event as described in (ii) below, on expiry of the relevant time period specified therein, the relevant event shall be treated as an "Event of Default" and unless (in the case of (i) or (ii) below) the relevant default(s) or failure(s) shall have been cured by the Issuer prior to receipt of such written notice, all but not some only of the N&C Securities shall become due and repayable at the Early Redemption Amount on the Early Redemption Date, without presentment, demand, protest or other notice of any kind. For the purposes of (a) above the relevant events are:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the N&C Securities or any of them. The Issuer shall not, however, be in default if such sums were not paid in order to comply with a mandatory law, regulation or order of any court of competent jurisdiction. Where there is doubt as to the validity or applicability of any such law, regulation or order, the Issuer will not be in default if it acts on the advice given to it during such 14 day period by an independent legal adviser; or

(ii) the Issuer fails to perform or observe any of its other obligations under the N&C Securities or the Agency Agreement (as the case may be) and such failure continues for the period of 60 days next following the notice requirement as described in (b) above being satisfied; or

(iii) an effective resolution is passed or an order is made for the winding-up or dissolution of the Issuer (except for the purposes of a reconstruction or amalgamation where the entity resulting from such reconstruction or amalgamation assumes all the rights and obligations of the Issuer (including its obligations under the N&C Securities)).

At any time after such a declaration of acceleration with respect to the N&C Securities has been made and before a judgement or decree for payment of the money due with respect to any N&C Security has been obtained by any N&C Securityholder, such declaration and its consequences may be rescinded and annulled upon the written consent of holders of a majority in aggregate nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities then outstanding, or by resolution adopted by a majority in aggregate nominal amount or, in the case of N&C Securities issued in units, of the number of the N&C Securities outstanding present or represented at a meeting of holders of the N&C Securities at which a quorum is present, as provided in the Agency Agreement, if:

(A) the Issuer has paid or deposited with the Principal Paying Agent a sum sufficient to pay:

(1) all overdue amounts of interest on the N&C Securities;

(2) all other amounts which have become due in respect of the N&C Securities otherwise than by such declaration of acceleration; and

(B) all Events of Default with respect to the N&C Securities, other than the non-payment of the Early Redemption Amounts which have become due solely by such declaration of acceleration, have been cured or waived by the relevant written resolution or resolution as provided above.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

(b) Any default by the Issuer, other than the events described in N&C Security Condition 9(a)(i) above, may be waived by the written consent of holders of a majority in aggregate principal amount of the N&C Securities then outstanding affected thereby, or by resolution adopted by a majority in aggregate principal amount of such N&C Securities then outstanding present or represented at a meeting of holders of the N&C Securities affected thereby at which a quorum is present, as provided in the Agency Agreement.

10. **Replacement of N&C Securities, Coupons and Talons**

Should any N&C Security or, if applicable, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, in the case of Definitive Bearer N&C Securities or Coupons, at the specified office of the Principal Paying Agent or, in the case of Definitive Registered N&C Securities, at the specified office of the Registrar (or in any case such other place of which notice shall have been given to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*)) upon payment in any such case by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced N&C Securities or, if applicable, Coupons or Talons must be surrendered before replacements will be issued.

11. **Agents**

The names of the initial Paying Agents and their initial specified offices are set out in the Agency Agreement. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Issue Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or approve any change in the specified office through which any Agent acts and/or appoint additional or other Agents, provided that:

(a) there will be at all times a Principal Paying Agent;

(b) a Registrar; and

(c) so long as the N&C Securities are listed on any stock exchange or admitted to trading by any other relevant authority, there will be at all times a Paying Agent (in the case of Definitive Bearer N&C Securities) and a Transfer Agent (in the case of Definitive Registered N&C Securities) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in N&C Security Condition 5.5 (*Place of Payment*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the N&C Securityholders of the relevant Series of N&C Securities promptly by the Issuer in accordance with N&C Security Condition 13 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents or, as the case may be, a registrar of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any N&C Securityholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor Agent.

The Principal Paying Agent shall have no responsibility for errors or omissions in any calculations and determinations made hereunder, and all such calculations and determinations shall (save in the case of manifest error) be final and binding on the Issuer, the Paying Agents, the N&C Securityholders and the Couponholders.

12. Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the N&C Security to which it appertains) a further Talon, subject to the provisions of N&C Security Condition 8 (*Prescription*).

13. Notices

All notices regarding the N&C Securities will be deemed to be validly given if published in one leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the N&C Securities are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner as the Issuer deems appropriate. Any such notice will be deemed to have been given on the date of such notice.

Until such time as any definitive N&C Securities are issued, notice may be given (so long as any Global N&C Securities representing the N&C Securities are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg (and so long as the rules of any stock exchange on which the N&C Securities are listed, or the rules of any other relevant authority by which the N&C Securities have been admitted to listing, permit)) by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (instead of by way of publication or mailing) for communication by them to the holders of the N&C Securities provided that, in addition, for so long as any N&C Securities are listed on a stock exchange or admitted to listing by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in a place or places required by the rules of that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the N&C Securities on the day falling such number of days specified in the Issue Terms after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg, as the case may be.

All notices regarding the Definitive Registered N&C Securities will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Definitive Registered N&C Securities are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules.

In the case of Definitive N&C Securities, notices to be given by any N&C Securityholder shall be in writing and given by lodging the same, together with the relative N&C Security or N&C Securities, with the Principal Paying Agent (in the case of Definitive Bearer N&C Securities) or the Registrar (in the case of Definitive Registered N&C Securities). Whilst any of the N&C Securities are represented by a Global N&C Security, such notice may be given by any holder of a N&C Security to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in writing or by facsimile or electronically or in such other manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. Substitution

14.1 Substitution of Issuer

The Issuer (or any previously substituted company from time to time) shall, without the consent of the N&C Securityholders, be entitled at any time to substitute for the Issuer any Affiliate of the Issuer (the "**Substitute Issuer**") as principal debtor in respect of all obligations arising from or in connection with the N&C Securities provided that (i) all actions, conditions and things required to be taken, fulfilled and

done (including the obtaining of any necessary consents) to ensure that the N&C Securities represent valid, legally binding and enforceable obligations of the Substitute Issuer have been taken, fulfilled and done and are in full force and effect; (ii) the Substitute Issuer shall have assumed all obligations arising from or in connection with the N&C Securities and shall have become a party to the Agency Agreement, with any consequential amendments; (iii) each stock exchange or listing authority on which the N&C Securities are listed shall have confirmed that following the proposed substitution of the Substitute Issuer the N&C Securities would continue to be listed on such stock exchange; (iv) the Issuer shall have given at least 14 calendar days' prior notice of the date of such substitution to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*); and (v) the creditworthiness of the Substitute Issuer at such time is at least equal to the creditworthiness of the Issuer (or of any previous substitute under this Condition), as determined by the Calculation Agent acting in good faith and in a commercially reasonable manner by reference to, *inter alia*, the long term senior debt ratings (if any) assigned by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. and/or Moody's Investors Service Ltd. and/or Fitch Ratings Limited, or any successor rating agency or agencies thereto, or such other rating agency as the Calculation Agent determines to the Substitute Issuer or, as the case may be, to the Issuer (or any previous substitute under this Condition).

14.2 **Substitution of Branch**

The Issuer shall have the right upon 30 calendar days' prior notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) to change the branch or office through which it is acting for the purpose of the N&C Securities, the date of such change to be specified in such notice provided that no change can take place prior to the giving of such notice.

15. **Meetings of N&C Securityholders and Modifications**

The Agency Agreement contains provisions for convening meetings of the N&C Securityholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in Schedule 3 of the Agency Agreement) of a modification of the N&C Securities, the Coupons or any of the provisions of the Agency Agreement. Such a meeting may be convened by the Issuer at any time and shall be convened by the Issuer at the request of N&C Securityholders holding not less than five per cent. (5%) in nominal amount or number of units of the N&C Securities for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing in the aggregate not less than fifty per cent. (50%) in nominal amount or number of units of the N&C Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing N&C Securityholders whatever the nominal amount or number of units of the N&C Securities so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the N&C Securities or the Coupons (including modifying the date of maturity of the N&C Securities or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the N&C Securities or altering the currency in which payments under the N&C Securities and Coupons are to be made), the quorum shall be one or more persons holding or representing in the aggregate not less than two-thirds, or, at any adjourned such meeting, one or more persons holding or representing in the aggregate not less than one-third, in nominal amount or number of units of the N&C Securities for the time being outstanding. The Agency Agreement provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement by a majority consisting of not less than seventy-five per cent. persons voting on the resolution upon a show of hands or if a poll was duly demanded then by a majority consisting of not less than seventy-five per cent. of the votes given on the poll, (ii) a resolution in writing signed by or on behalf of the holders of not less than seventy-five per cent. in nominal amount of the N&C Securities for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Principal Paying Agent) by or on behalf of the holders of not less than seventy-five per cent. in nominal amount of the N&C Securities for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the N&C Securityholders. An Extraordinary Resolution passed by the N&C Securityholders will be binding on all the N&C Securityholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

The Principal Paying Agent and the Issuer may agree, without the consent or sanction of the N&C Securityholders or Couponholders to:

(a) any modification of (except such modifications in respect of which an increased quorum is required as mentioned above) the provisions of the N&C Securities, the Coupons or the Agency Agreement which is not materially prejudicial to the interests of the N&C Securityholders; or

(b) any modification of any of the provisions of these Conditions, the N&C Securities, the Coupons or the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest or proven error or is to comply with mandatory provisions of applicable law.

Any such modification shall be binding on the N&C Securityholders and the Couponholders and any such modification shall be notified to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) as soon as practicable thereafter.

16. **Further Issues**

The Issuer shall be at liberty from time to time without the consent of the N&C Securityholders or the Couponholders to create and issue further N&C Securities having terms and conditions the same as the N&C Securities or the same in all respects save for the issue price and date of issue thereof, the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding N&C Securities.

17. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the N&C Securities by virtue of the Contracts (Rights of Third Parties) Act 1999 but this does and affect any right or remedy of any reason which exists or is available apart from that Act.

18. **Severability**

Should any of the provisions contained in the Conditions be or become invalid, the validity of the remaining provisions shall not be affected in any way.

19. **Governing Law and Jurisdiction**

19.1 **Governing law**

The Agency Agreement, the N&C Securities Depositary Agreement, the Deed of Covenant, the N&C Securities and the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the N&C Securities and the Coupons are governed by, and construed in accordance with, English law.

19.2 **Jurisdiction**

(a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Deed of Covenant, the N&C Securities and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Deed of Covenant, the N&C Securities and/or the Coupons (a "**Dispute**") and the Issuer submits and (by their acquisition of N&C Securities) each N&C Securityholder and Couponholder is deemed to submit to the exclusive jurisdiction of the English courts.

(b) For the purposes of this N&C Security Condition 19.2, the Issuer waives and (by their acquisition of N&C Securities) each N&C Securityholder and Couponholder is deemed to waive any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

PAYOUT ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR INTEREST PAYOUTS

*The terms and conditions applicable to payouts shall comprise the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**") and the additional Terms and Conditions for interest payouts set out below (the "**Payout Conditions**"), together with any Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Issue Terms (together with the N&C Security Conditions and the Payout Conditions, the "**Conditions**") and, in each case subject to completion in the applicable Issue Terms. In particular, certain sections of the Payout Conditions will be set out and completed in the applicable Issue Terms. In the event of any inconsistency between the N&C Security Conditions and the Payout Conditions, the Payout Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions and/or the Payout Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

References below to a numbered N&C Security Condition are to such numbered section of the N&C Security Conditions and references to a numbered section of the Payout Conditions are to such numbered section as set out in this Payout Annex. Defined terms used in this Payout Annex where the same term may be used in another Annex shall have the meanings given in this Payout Annex notwithstanding the same terms being used in another Annex.

1. Variable Interest Rate N&C Securities

1.1 Use of Payout Conditions

These Payout Conditions set out the methodology for determining various interest payouts in respect of N&C Securities. The applicable text (including, where appropriate, section headings and on the basis that inapplicable text need not be included) from Payout Condition 2, (derived from the relevant N&C Coupon Payout) and the Product Definitions, as shown below, will be extracted, included and completed in the applicable Issue Terms for each relevant Series of N&C Securities will be set out as indicated in the applicable Issue Terms.

1.2 N&C Security Conditions

N&C Securities using an N&C Coupon Payout will be "**Variable Interest Rate N&C Securities**".

1.3 N&C Security types

The applicable Issue Terms will specify whether a N&C Security is an Equity Index Linked Interest N&C Security, an Inflation Index Linked Interest N&C Security or a Cross-Asset Linked Interest N&C Security.

1.4 Use of *n*, *t* and *i*

Terms used in these Payout Conditions may be attributed a numerical suffix value when included in the applicable Issue Terms. The suffix can be denoted as "*n*", "*t*" or "*i*" and the term will be completed on the basis of the number or numbers represented by *n*, *t* or *i*, as chosen at the time of an issue of N&C Securities. For example, if *n* is 1, $\text{Barrier}_{n=1}$ will appear as "Barrier 1" when set out in the applicable Issue Terms. A term from the Product Definitions may be included in the applicable Issue Terms section more than once if there is more than one number represented by the term *n*, *t* or *i*.

1.5 Definitions and Interpretation

"**N&C Coupon Payout**" means any payout specified in Payout Condition 2, in each case as extracted, included and completed in the applicable Issue Terms.

"**Product Definitions**" means each of the defined terms in Payout Condition 3 below.

References in the Payout Conditions to an N&C Security will be deemed to refer to each unit of N&C Securities or nominal amount of N&C Securities equal to the Calculation Amount unless otherwise stated.

2. **Interest Bearing N&C Securities**

2.1 **Operative paragraph of the Issue Terms**

(a) **Paragraph 15.1 (*Fixed Rate N&C Security Provisions*)**

Subject to any prior purchase and cancellation or early redemption, the [Rate of Interest applicable to] [amount of interest payable on] each Fixed Rate N&C Security on an Interest Payment Date shall be as set out below:

(b) **Paragraph 16.4 (*Floating Rate N&C Security Provisions*)**

Subject to any prior purchase and cancellation or early redemption, the Interest Amount payable in respect of each N&C Security on the relevant Specified Interest Payment Date shall be determined by the Calculation Agent in accordance with the methodology set out below:

(c) **Paragraph 17.1 (*Other Variable Interest Rate N&C Security Provisions*)**

Subject to any prior purchase and cancellation or early redemption, the Interest Amount payable in respect of each N&C Security on the relevant Specified Interest Payment Date shall be determined by the Calculation Agent in accordance with the methodology set out below:

2.2 **Interest Payment Options**

(a) *Interest Payment Option 1*

Calculation Amount * Rate of Interest

(b) *Interest Payment Option 2*

(i) If the Barrier Condition is satisfied:

Calculation Amount * Rate of Interest$_{n=1}$; or

(ii) If the Barrier Condition is not satisfied:

Calculation Amount * Rate of Interest$_{n=2}$

(c) *Interest Payment Option 3*

(i) If the Barrier Condition is satisfied:

Calculation Amount * Rate of Interest; or

(ii) If the Barrier Condition is not satisfied:

zero

3. **Product Definitions**

The Product Definitions below, where incomplete, will be set out and completed in the applicable Issue Terms as described in Payout Condition 1 above. Where a table is referred to, the relevant table will be set out in the section of the applicable Issue Terms referred to in the relevant Product Definition as completed in the applicable Issue Terms. Complete Product Definitions may also be set out in the applicable Issue Terms.

For these purposes:

"**Asset**" means in relation to the relevant Asset Class, a Single Asset or a constituent of a Basket Asset, in each case as specified or determined as provided in the applicable Issue Terms.

"**Asset Class**" means one or more of Equity Index(ices), Inflation Index(ices), or Fixed Income Benchmark(s), as specified in the applicable Issue Terms.

"**Asset Early**" [means the] [Max] [Min] [Asset Level] [on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level] [Observation Level] [is as specified in the table in [this] paragraph [●] of these Issue Terms] [,] [Barrier].

"**Asset Early Performance**" means the [Early Performance] [Early Performance (Call Spread)] [Early Performance (Rolling Lookback)] [Early Weighted Performance] of [the] [each] [Asset] [Early Laggard] [Early Outperformer].

"**Asset Final**" means [the] [Max] [Min] [Asset Level on the Final Valuation Date] [Average Level] [,] [Observation Level].

"**Asset Final Performance**" means the [Final Performance] [Final Performance (Call Spread)] [Final Performance (Lookback)] [Final Performance (Temporis)] [Final Weighted Performance] [Enhanced Weighted Performance] [Upside Performance] [Downside Performance] [Weighted Performance] of [all] the [Asset[s]] [Final Laggard] [Final Outperformer].

"**Asset Initial**" means [the] [Max] [Min] [Asset Level on the Initial Valuation Date] [Average Level] [Observation Level] [,] [Barrier].

"**Asset Level**" means the [Opening Level] [Closing Level] [Intraday Level] [Observation Level] of the relevant Asset.

"**Asset Lookback**" [means the] [Asset Level on the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date]] [Average Level] [is as specified in the table in [this] paragraph [●] of these Issue Terms].

"**Average Level**" means the arithmetic average of each [Opening Level] [Closing Level] [Intraday Level] [Observation Level] observed by the Calculation Agent on each Averaging Date.

"**Averaging Date**" means each date specified as such in the applicable Issue Terms.

"**Barrier**" means [[●] per cent.] [n * [●] per cent.] [Asset Initial * [●] per cent.] [Asset Initial * n * [●] per cent.] [Asset Early * [●] per cent.] [Asset Early * n * [●] per cent.] [Asset Lookback * [●] per cent.] [Asset Lookback * n * [●] per cent.].

"**Barrier (Early)**" means:

(a) where Barrier Condition Early (European) is applicable:

[[●] per cent.] [n * [●] per cent.][means the percentage ascribed to the relevant [Scheduled Observation Date][Valuation Date][Calculation Date], as specified in the table in [this] paragraph [●] of these Issue Terms]; or

(b) where Barrier Condition Early (Bermudan) is applicable:

[[●] per cent.] [n * [●] per cent.]; or

(c) where Barrier Condition Early (American) is applicable:

[Asset Initial * [●] per cent.] / [Asset Initial * [●] per cent. * n].

"**Barrier (Final)**" means:

(a) where Barrier Condition Final (European) is applicable, [●] per cent.; or

(b) where Barrier Condition Final (American) is applicable, Asset Initial * [●] per cent.

"**Barrier Condition**" shall mean [Barrier Condition Early] [Barrier Condition Final].

"**Barrier Condition Early**" shall mean [Barrier Condition Early (European)] [Barrier Condition Early (Bermudan)] [Barrier Condition Early (American)].

"**Barrier Condition Early (American)**" shall be deemed satisfied if the Calculation Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] [related to the relevant Barrier Early Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is at [all] [the] [any] time[s] greater than [or equal to] Barrier (Early).

"**Barrier Condition Early (Bermudan)**" shall be deemed satisfied if the Calculation Agent determines that on any [Scheduled Observation Date] [Valuation Date] [Calculation Date] [during the Observation Period], Asset Early Performance is greater than [or equal to] Barrier (Early).

"**Barrier Condition Early (European)**" shall be deemed satisfied if the Calculation Agent determines that on [the relevant] [each] [Scheduled Observation Date] [Valuation Date] [Calculation Date], Asset Early Performance is greater than [or equal to] Barrier (Early).

"**Barrier Condition Final**" shall mean [Barrier Condition Final (European)] [Barrier Condition Final (American)].

"**Barrier Condition Final (American)**" shall be deemed satisfied if the Calculation Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is [at] [all] [any] [time[s]] greater than [or equal to] Barrier (Final).

"**Barrier Condition Final (European)**" shall be deemed satisfied if the Calculation Agent determines that on the Final Valuation Date Asset Final Performance is greater than [or equal to] Barrier (Final).

"**Barrier Early Calculation Date**" means [*date to be specified*] [each Scheduled Observation Date] [Valuation Date] [Calculation Date].

"**Barrier Return**" shall mean an amount determined by the Calculation Agent in accordance with the following methodology:

(a) if Asset Final Performance is greater than [or equal to] the Barrier,

[●] per cent.

(b) if Asset Final Performance is less than [or equal to] the Barrier:

Max [(Cap [+/-] (Participation * Asset Final Performance)), Floor]

"**Basket Asset**" means an Asset that is a constituent of a basket of Assets, as specified or determined as provided in the applicable Issue Terms.

"**Bonus**" means an amount calculated and determined by the Calculation Agent in accordance with the following:

(a) If the Asset Final Performance is greater than [or equal to] Barrier,

[[●] per cent.] [Min[Max(Floor, (Participation * Asset Final Performance)), Cap]]

(b) If the Asset Final Performance is less than [or equal to] Barrier,

[●] per cent.

"**Bonus Amount**" shall be determined by the Calculation Agent in respect of each [Scheduled Observation Date] [Valuation Date] [Calculation Date] in accordance with the following formula:

Bonus Number * [●] per cent.

"**Bonus Condition**" shall be deemed satisfied if the Calculation Agent determines that on each [Scheduled Observation Date] [Valuation Date] [Calculation Date] the Asset Early Performance is greater than [or equal to] the Barrier.

"**Bonus Number**" shall be [the number of times that the Bonus Condition is satisfied during the Observation Period] [the number corresponding to the last [Scheduled Observation Date] [Valuation

Date] [Calculation Date] during the Observation Period upon which the Barrier Condition is satisfied] [or, if the Barrier Condition is not satisfied, zero] [number to be specified].

"**Calculation Date**" means [the date(s) specified as such in these Issue Terms] [each Scheduled Trading Day in the Observation Period] [and as further described in the applicable Annex for the relevant Asset].

"**Cap**" means [●] per cent.

"**Closing Level**" means the Closing Level (as defined in the Equity Index Linked Conditions) of the relevant Asset where the relevant Asset Class is an Equity Index.

"**Downside Performance**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Initial-Asset Final}}{\text{Asset Initial}}$$

"**Early Laggard**" shall mean in relation to the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Asset with the lowest calculated Early Performance, as determined by the Calculation Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Calculation Agent shall select any such [Basket] Asset as the Early Laggard acting in good faith and in a commercially reasonable manner.

"**Early Outperformer**" shall mean in relation to the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Asset with the highest calculated Early Performance, as determined by the Calculation Agent in respect of the relevant date. For the avoidance of doubt, if two or more [Basket] Assets have the same Early Performance as of the [Scheduled Observation Date] [Valuation Date] [Calculation Date], the Calculation Agent shall select any such [Basket] Asset as the Early Outperformer acting in good faith and in a commercially reasonable manner.

"**Early Performance**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Early}}{\text{Asset Initial}}$$

"**Early Performance (Call Spread)**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Early}}{\text{Asset Initial}} - 1$$

"**Early Performance (Rolling Lookback)**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Early}}{\text{Asset Lookback}} - 1$$

"**Early Weighted Performance**" means an amount (expressed as a percentage) determined by the Calculation Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$\text{W} \times \frac{\text{Asset Early-Asset Initial}}{\text{Asset Initial}}$$

"**Enhanced Weighted Performance**" means an amount (expressed as a percentage) determined by the Calculation Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$W \times \text{Upside Performance}$$

"**Final Laggard**" shall mean the Asset with the lowest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level] as determined by the Calculation Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Calculation Agent shall select any such Asset as the Final Laggard acting in good faith and in a commercially reasonable manner.

"**Final Outperformer**" shall mean the Asset with the highest [calculated Downside Performance] [calculated Final Performance] [calculated Upside Performance] [Observation Level], as determined by the Calculation Agent in respect of the relevant date. For the avoidance of doubt, if two or more Assets in the Basket have the same [Downside Performance as of the Final Valuation Date] [Final Performance as of the Final Valuation Date] [Upside Performance as of the Final Valuation Date] [Observation Level], the Calculation Agent shall select any such Asset as the Final Outperformer acting in good faith and in a commercially reasonable manner.

"**Final Performance**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Final}}{\text{Asset Initial}}$$

"**Final Performance (Call Spread)**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Final}}{\text{Asset Initial}} - 1$$

"**Final Performance (Lookback)**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Final}}{\text{Max}\left[(\text{Participation} \times \text{Asset Initial}), \text{Observation Level}\right]}$$

"**Final Performance (Temporis)**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Final -Asset Lookback}}{\text{Asset Initial}}$$

"**Final Weighted Performance**" means an amount (expressed as a percentage) determined by the Calculation Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$W \times \frac{\text{Asset Final -Asset Initial}}{\text{Asset Initial}}$$

"**Fixed Income Benchmark**" shall mean the relevant Rate of Interest specified as such in the applicable Issue Terms where "Additional provisions relating to Fixed Income Benchmark N&C Securities" is applicable.

"**Floor**" means [●] per cent.

"**i**" shall mean the corresponding number related to a defined term within the Conditions as specified in the applicable Issue Terms.

"**Intraday Level**" means the Intraday Level (as defined in the Equity Index Linked Interest Conditions) of the relevant Asset where the relevant Asset Class is an Equity Index.

"**Knock-out Level**" [means [●] per cent.] [n * [●] per cent.] [Asset Initial * [●] per cent.] [Asset Initial * [●] per cent. * n] [shall mean the level ascribed to the relevant [Scheduled Observation Date] [Valuation Date] [Calculation Date], as specified in the table in [this] paragraph [●] of these Issue Terms].

"**Max**" followed by a series of amounts inside brackets, means whichever is the greater of the amounts separated by a comma inside those brackets.

"**Min**" followed by a series of amounts inside brackets, means whichever is the lesser of the amounts separated by a comma inside those brackets.

"**n**" shall mean the corresponding number related to a defined term within the Conditions as specified in the applicable Issue Terms.

"**Observation Days**" means the total number of [calendar days] [Business Days] [Scheduled Observation Dates] [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period].

"**Observation Level**" [shall have the meaning expressed in the applicable Annex for the relevant Asset][means the Rate of Interest determined as provided in N&C Security Condition 4.8 (as defined in the Base Prospectus)].

"**Opening Level**" means the Opening Level (as defined in the Equity Index Linked Interest Conditions) of the relevant Asset where the relevant Asset Class is an Equity Index.

"**Paid Interest**" means, in respect of a N&C Security, the sum of all interest paid in respect of that N&C Security from (and including) the Issue Date to (and including) the immediately preceding Specified Interest Payment Date, if any.

"**Participation**" means [●] per cent.

"**Range Condition**" shall be deemed satisfied in respect of any day if the Asset Level for such day observed by the Calculation Agent is greater than [or equal to] [●] [per cent.] per annum and less than [or equal to] [●] [per cent.] [per annum.]

"**Range Days**" means the actual number of [calendar days] [Business Days] [Scheduled Observation Dates] [Valuation Dates] [Calculation Dates] in the [Interest Period] [Observation Period] on which the Range Condition is satisfied.

"**Rate of Interest**" shall mean in connection with the relevant N&C Coupon Payout specified in these Issue Terms: [*Insert one of*:]

(a) [[●] per cent.] [per annum];

(b) Screen Rate Determination;

(c) ISDA Determination;

(d) Bank of England Base Rate Determination;

(e) Overnight Rate Determination (SONIA);

(f) Overnight Rate Determination (€STR);

(g) (n * [●] per cent.);

(h) [(n * [●] per cent.)] – Paid Interest;

(i) Max(Floor, Min(Cap, Participation * Asset Early [Performance] + [●] per cent.)) [+/- Barrier Return];

(j) $\left([\bullet]\ per\ cent \times \frac{Range\ Days}{Observation\ Days}\right)$; or

(k) [the applicable percentage rate specified in the table in [this] paragraph [●] of these Issue Terms].

"**Scheduled Observation Date**" means [the date(s) specified as such in these Issue Terms] [each Scheduled Trading Day in the Observation Period].

"**Single Asset**" means a single Asset, as specified or determined as provided in the applicable Issue Terms.

"**Trigger Condition**" shall mean [Trigger Condition (European)] [Trigger Condition (American)].

"**Trigger Condition (American)**" shall be deemed satisfied if the Calculation Agent determines that on [each] [any] [Scheduled Observation Date] [Valuation Date] [Calculation Date] the Asset Level of [each] [any] [the] [Basket] Asset is [at] [all] [any] [time[s]] greater than [or equal to] the Trigger.

"**Trigger Condition (European)**" shall be deemed satisfied if the Calculation Agent determines that on the Final Valuation Date Asset Final Performance is greater than [or equal to] the Trigger.

"**Trigger**" means:

(a) where Trigger Condition (European) is applicable:

[●] per cent.; or

(b) where Trigger Condition (American) is applicable:

Asset Initial * [●] per cent.

"**Upside Performance**" means[, in respect of the relevant Asset,] an amount expressed as a percentage, calculated and determined by the Calculation Agent in accordance with the following formula:

$$\frac{\text{Asset Final - (Barrier*Asset Initial)}}{\text{Asset Initial}}$$

"**Valuation Date**" means [the date(s) specified as such in these Issue Terms] [each Scheduled Trading Day in the Observation Period] [and as further described in the applicable Annex for the relevant Asset].

"**W**" means the weighting in respect of the relevant Basket Asset, as specified in the table in [this] paragraph [●] of these Issue Terms:

"**Weighted Performance**" means an amount (expressed as a percentage) determined by the Calculation Agent being the sum of the values obtained by applying the following formula to each Basket Asset:

$$\text{W*Final Performance}$$

EQUITY INDEX ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR EQUITY INDEX LINKED INTEREST N&C SECURITIES

*The terms and conditions applicable to Equity Index Linked Interest N&C Securities shall comprise the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**") and the additional Terms and Conditions set out below (the "**Equity Index Linked Conditions**"), together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Issue Terms (together with the N&C Security Conditions and the Equity Index Linked Conditions, the "**Conditions**") and, subject to completion in the applicable Issue Terms. In the event of any inconsistency between the N&C Security Conditions and the Equity Index Linked Conditions, the Equity Index Linked Conditions shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions and/or the Equity Index Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

References below to a numbered N&C Security Condition are to such numbered section of the N&C Security Conditions and references to a numbered Equity Index Linked Condition are to such numbered section as set out in this Equity Index Annex. Defined terms used in this Equity Index Annex or the related section of the Issue Terms where the same term may be used in another Annex (e.g. Valuation Date) shall have the meanings given in this Equity Index Annex or in the section of the Issue Terms relating to Equity Index Linked Interest N&C Securities notwithstanding the same terms being used in another Annex or section of the Issue Terms.

1. Equity Index Linked Interest N&C Securities

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions and subject to these Equity Index Linked Conditions, each Equity Index Linked Interest N&C Security will bear interest, if applicable, in the manner specified in the applicable Issue Terms and the Conditions.

2. Market Disruption

"**Market Disruption Event**" means, in relation to N&C Securities relating to a single Index or basket containing any Index:

(a) in respect of a Composite Index:

(i) (A) the occurrence or existence, in respect of any Component Security, of:

(1) a Trading Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded;

(2) an Exchange Disruption in respect of such Component Security, which the Calculation Agent determines is material, at any time during the one hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the relevant Valuation Time in respect of the Exchange on which such Component Security is principally traded; or

(3) an Early Closure in respect of such Component Security; and

(B) the aggregate of all Component Securities in respect of which a Trading Disruption, an Exchange Disruption or an Early Closure occurs or exists comprises 20.00 per cent. or more of the level of such Index; or

(ii) the occurrence or existence, in each case, in respect of futures or options contracts relating to such Index, of: (a) a Trading Disruption; (b) an Exchange Disruption, which in either case the Calculation Agent determines is material, at any time during the one

hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level, ends at the Valuation Time in respect of the Related Exchange; or (c) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists in respect of a Component Security at any time, if a Market Disruption Event occurs in respect of such Component Security at that time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of the Index attributable to that Component Security to (y) the overall level of such Index, in each case using the official opening weightings as published by the Index Sponsor as part of the market "opening data"; and

(b) in the case of Non-Composite Indices, the occurrence or existence of (1) at any time during the one hour period that, for purposes of determining an Opening Level, begins at or, for purposes of determining a Closing Level, Intraday Level or Observation Level ends at the relevant Valuation Time (i) a Trading Disruption or (ii) an Exchange Disruption, which in either case the Calculation Agent determines is material, or (2) an Early Closure.

For the purposes of determining whether a Market Disruption Event exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (x) the portion of the level of such Index attributable to that Component Security and (y) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. For the purposes of determining whether a Market Disruption Event in respect of such Index exists at any time, if a Market Disruption Event occurs in respect of a Component Security included in such Index at any time, then the relevant percentage contribution of that Component Security to the level of such Index shall be based on a comparison of (i) the portion of the level of such Index attributable to that Component Security and (ii) the overall level of the Index, in each case immediately before the occurrence of such Market Disruption Event. The Calculation Agent shall give notice as soon as practicable to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) of the occurrence of a Disrupted Day on any day that, but for the occurrence of a Disrupted Day would have been an Averaging Date or a Valuation Date.

3. Adjustments to an Index

3.1 Successor Index Sponsor Calculates and Reports an Index

If a relevant Index is:

(a) not calculated and announced by the Index Sponsor but is calculated and announced by a successor sponsor acceptable to the Calculation Agent acting in good faith and in a commercially reasonable manner; or

(b) replaced by a successor index using, in the determination of the Calculation Agent acting in good faith and in a commercially reasonable manner, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index,

(c) then in each case that Index (the "**Successor Index**") will be deemed to be the Index.

3.2 Modification and Cessation of Calculation of an Index

If, in the determination of the Calculation Agent,

(a) on or prior to the last Valuation Date or the last Averaging Date or Scheduled Observation Date, the relevant Index Sponsor makes or announces that it will make a material change in the formula for or the method of calculating a relevant Index or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock and capitalisation, contracts or commodities and other routine events) (an "**Index Modification**"); or

(b) the relevant Index Sponsor permanently cancels a relevant Index and no Successor Index exists (an "**Index Cancellation**"); or

(c) on any Valuation Date or any Averaging Date or Scheduled Observation Date, the Index Sponsor or (if applicable) the successor sponsor fails to calculate and announce a relevant Index (an "**Index Disruption**" and, together with an Index Modification and an Index Cancellation, each an "**Index Adjustment Event**");

then the Issuer shall:

(i) require the Calculation Agent to determine, acting in good faith and in a commercially reasonable manner, if such Index Adjustment Event has a material effect on the N&C Securities and, if so, shall calculate the relevant Index Level using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or Averaging Date or Scheduled Observation Date, as the case may be, as determined by the Calculation Agent, acting in good faith and in a commercially reasonable manner, which in the case of an Index will be determined in accordance with the formula for and method of calculating that Index last in effect prior to the change, failure or cancellation, but using only those Component Securities that comprised that Index immediately prior to that Index Adjustment Event; or

(ii) if the Calculation Agent determines that it cannot or can no longer calculate the relevant Index Level as described in paragraph (A), require the Calculation Agent to replace the affected Index by a new Index provided that such new index is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions to account for such replacement; or

(iii) if this Equity Index Linked Condition 3.2(c) is specified as applicable in the applicable Issue Terms and if the Calculation Agent determines that there is not such a new Index and/or that the application of paragraph (ii) would not achieve a commercially reasonable result, on giving not less than 5 Business Days' notice to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*), redeem all but not some only of the N&C Securities, each N&C Security being redeemed by payment of the Early Redemption Amount.

3.3 **Notice**

The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any determination made by it pursuant to paragraph 3.2 above and the action proposed to be taken in relation thereto and such Agent shall make available for inspection by N&C Securityholders copies of any such determinations.

4. **Correction of Index Price**

With the exception of any corrections published after the day which is three (3) Exchange Business Days prior to the last occurring Interest Payment Date, if any, in respect of the N&C Securities if the level of an Index published on a given day and used or to be used by the Calculation Agent to make any determination under the N&C Securities, is subsequently corrected and the correction published by the relevant Index Sponsor, Exchange or Related Exchange within one Settlement Cycle after the original publication, the level to be used for calculation of any relevant value in relation to the N&C Securities shall be the level of the Index as so corrected and the Calculation Agent may make any relevant adjustment to the Conditions (only to the extent such terms are relevant to the determination of an interest amount (but not, for the avoidance of doubt, any terms relating to the redemption of the N&C Securities)) or any subsequent payments of interest (but not, for the avoidance of doubt, any amount payable upon redemption of the N&C Securities) under the N&C Securities to account therefor, as the Calculation Agent determines appropriate in good faith and in a commercially reasonable manner. The Calculation Agent shall, as soon as practicable, notify the relevant Agent of any adjustment made by it pursuant to this Equity Index Linked Condition 5 and such Agent shall make available for inspection by Securityholders copies of any such adjustment.

5. **Additional Disruption Events**

"**Additional Disruption Event**" means:

(a) if "Elected Events Only" is specified in the applicable Issue Terms, any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow, but in each case, only to the extent that such events are specified as applying to Equity Index Linked Interest N&C Securities in the applicable Issue Terms; or

(b) if "Elected Events Only" is specified not to apply in the applicable Issue Terms, any of Change in Law, Hedging Disruption, Increased Cost of Hedging, Increased Cost of Stock Borrow and/or Loss of Stock Borrow.

Consequences of an Additional Disruption Event

(a) If an Additional Disruption Event occurs, the Issuer shall:

(i) require the Calculation Agent to replace the affected Index by a new Index provided that such new Index is (a) representative of the same economic or geographic sector (as the case may be), and (b) to the extent possible, representative of securities/components listed on one or more exchanges of one or more OECD countries and make relevant adjustments to the Conditions (only to the extent such terms are relevant to the determination of an interest amount (but not, for the avoidance of doubt, any terms relating to the redemption of the N&C Securities)) to account for such replacement; or

(ii) if the Calculation Agent determines that it cannot replace the affected Index as described in paragraph (i)

(A) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the N&C Securities (but only to the extent such terms are relevant to the determination of an interest amount (and not, for the avoidance of doubt, any terms relating to the redemption of the N&C Securities)) to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(B) provided that this Equity Index Linked Condition 5(a)(ii)(B) is specified as applicable in the applicable Issue Terms, redeem all, but not some only, of the N&C Securities by giving not less than 5 Business Days' notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*). If the N&C Securities are so redeemed, the Issuer will pay each N&C Securityholder an amount equal to the Early Redemption Amount in respect of each N&C Security held by such N&C Securityholder. Payments will be made in such manner as shall be notified to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

(b) Upon the occurrence of an Additional Disruption Event, the Issuer shall give notice as soon as practicable to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*), stating the occurrence of the Additional Disruption Event giving details thereof and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

6. **Index Disclaimer**

The N&C Securities are not sponsored, endorsed, sold or promoted by any Index or any Index Sponsor and no Index Sponsor makes any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Index and/or the levels at which the Index stands at any particular time on any particular date or otherwise. No Index or Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Index and the Index Sponsor is under no obligation to advise any person of any error therein. No Index Sponsor is making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in

connection with the N&C Securities. The Issuer shall have no liability to the N&C Securityholders for any act or failure to act by the Index Sponsor in connection with the calculation, adjustment or maintenance of the Index. The Issuer does not have any affiliation with or control over the Index or Index Sponsor or any control over the computation, composition or dissemination of the Index. Although the Calculation Agent will obtain information concerning the Indices from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Index.

7. **Definitions**

"**Averaging Date**" means each date specified as an Averaging Date in the applicable Issue Terms or, if any such date is not a Scheduled Trading Day, the immediately following Scheduled Trading Day unless such day is a Disrupted Day. If any such day is a Disrupted Day, then:

(a) if "**Omission**" is specified as applying in the applicable Issue Terms, then such date will be deemed not to be an Averaging Date for the purposes of determining the relevant Index Level provided that, if through the operation of this provision no Averaging Date would occur, then the provisions of the definition of "Valuation Date" will apply for purposes of determining the relevant level, price or amount on the final Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day; or

(b) if "**Postponement**" is specified as applying in the applicable Issue Terms, then the provisions of the definition of "Valuation Date" will apply for the purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date that was a Disrupted Day irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date; or

(c) if "**Modified Postponement**" is specified as applying in the applicable Issue Terms then:

(i) where the N&C Securities relate to a single Index, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed to be the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date), and (B) the Calculation Agent shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of "Valuation Date" below;

(ii) where the N&C Securities relate to a basket of assets, the Averaging Date for each Index not affected by the occurrence of a Disrupted Day shall be the originally designated Averaging Date (the "**Scheduled Averaging Date**") and the Averaging Date for each Index affected by the occurrence of a Disrupted Day shall be the first succeeding Valid Date (as defined below) in relation to such Index. If the first succeeding Valid Date in relation to such Index has not occurred for a number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the original date that, but for the occurrence of another Averaging Date or Disrupted Day, would have been the final Averaging Date, then (A) that last such consecutive Scheduled Trading Day shall be deemed the Averaging Date (irrespective of whether such Scheduled Trading Day is already an Averaging Date) in respect of such Index, and (B) the Calculation Agent shall determine the relevant level, price or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "Valuation Date" below; and

(iii) for the purposes of these Terms and Conditions "**Valid Date**" means a Scheduled Trading Day that is not a Disrupted Day and on which another Averaging Date does not or is not deemed to occur.

"**Bloomberg Screen**" shall mean, when used in connection with any designated page, specified in the applicable Issue Terms, the display page so designated on the Bloomberg service (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, in all cases for the purpose of displaying comparable rates in succession thereto).

"**Calculation Date**" means each date specified as a Calculation Date in the applicable Issue Terms which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"**Change in Law**" means where:

(a) "Change in Law 1" is specified to be applicable in the applicable Issue Terms, Change in Law 1; or

(b) "Change in Law 2" is specified to be applicable in the applicable Issue Terms, Change in Law 2.

"**Change in Law 1**" means that, on or after the Trade Date (as specified in the applicable Issue Terms):

(a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or

(b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Component Security or the relevant hedge positions relating to an Index and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the N&C Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any Hedging Party).

"**Change in Law 2**" means that, on or after the Trade Date (as specified in the applicable Issue Terms):

(a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or

(b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines that it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements relating to a Component Security or the relevant hedge positions relating to an Index.

"**Clearance System**" means in respect of any security or asset comprised in an Index the principal domestic clearance system customarily used for setting trades in that security or asset.

"**Clearance System Business Day**" means, in respect of a Clearance System, any day on which such Clearance System is (or, but for the occurrence of a settlement disruption event, would have been) open for acceptance and execution of settlement instructions.

"**Closing Level**" means, in relation to:

(a) a Non-Composite Index, an amount equal to the official closing level of the Index as published by the relevant Index Sponsor; or

(b) a Composite Index, the official closing level of such Index as published by the relevant Index Sponsor,

in each case as determined by the Calculation Agent.

"**Component Security**" means each and any component security or asset of any Index.

"**Composite Index**" means any Index in respect of which the securities comprising such Index are listed, traded or quoted on more than one exchange or quotation system as determined by the Calculation Agent and provided that, notwithstanding this definition, the Calculation Agent may elect to treat an Index as a Non-Composite Index if it determines this is appropriate acting in good faith and in a commercially reasonable manner.

"**Disrupted Day**" means any day which is:

(a) in the case of a Composite Index, any Scheduled Trading Day on which: (A) the Index Sponsor fails to publish the level of the Index; (B) the Related Exchange fails to open for trading during its regular trading session; or (C) a Market Disruption Event has occurred; or

(b) in the case of any Non-Composite Index, any Scheduled Trading Day on which: (A) the Exchange or the Related Exchange fails to open for trading during their regular trading session or (B) a Market Disruption Event has occurred.

"**Early Closure**" means:

(a) in the case of a Composite Index, the closure on any Exchange Business Day of the Exchange in respect of any Component Security or the Related Exchange prior to its Scheduled Closing Time unless such earlier closing is announced by such Exchange or Related Exchange (as the case may be) at least one hour prior to the earlier of: (i) the actual closing time for the regular trading session on such Exchange or Related Exchange (as the case may be) on such Exchange Business Day; and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the relevant Valuation Time that would apply to the determination of a Closing Level on such Exchange Business Day; and

(b) in the case of any Non-Composite Index, the closure on any Exchange Business Day with respect to such Index of any relevant Exchange(s) relating to Component Securities that comprise 20.00 per cent. or more of the level of such Index or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Business Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the Valuation Time that would apply to the determination of a Closing Level on such Exchange Business Day.

"**Equity Index**" means each index that is specified as such in the applicable Issue Terms.

"**Exchange**" means:

(a) in the case of a Composite Index, in respect of each Component Security, the principal stock exchange on which such Component Security is principally traded, as determined by the Calculation Agent, any successor thereto or any substitute exchange or quotation system to which trading in the Component Securities underlying the Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Component Securities on such temporary substitute exchange or quotation system as on the original Exchange); and

(b) in the case of any Non-Composite Index, the relevant exchange or quotation system specified for such Index in the applicable Issue Terms or if no such exchange or quotation system is specified for such Index in the Issue Terms, the exchange or quotation system on which all or substantially all relevant Component Securities are listed (being for the avoidance of doubt, where any Component Security has more than one listing, the exchange or quotation system used by the relevant Index Sponsor for the purposes of valuing the relevant price of such Component Security) or, in each case, any successor to such exchange or quotation system or any substitute exchange or quotation system to which trading in the Component Securities comprising such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity in relation to the Component Securities comprising

such Index on such temporary substitute exchange or quotation system as on the original Exchange).

"**Exchange Business Day**" means (a) in the case of a single Index, Exchange Business Day (Single Index Basis) or (b) in the case of a basket of Indices or assets, (i) Exchange Business Day (All Indices Basis) or (ii) Exchange Business Day (Per Index Basis) or (iii) Exchange Business Day (Cross Asset Basis), in each case as specified in the applicable Issue Terms, provided that, in the case of (b), if no such specification is made in the applicable Issue Terms, Exchange Business Day (All Indices Basis) shall apply.

"**Exchange Business Day (All Indices Basis)**" means, in respect of a basket of Indices or assets any Scheduled Trading Day on which (a) in respect of any Non-Composite Index, each relevant Exchange and each Related Exchange (if any) is open for trading for its regular trading session in respect of all Indices comprised in the basket, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of any Composite Index, (i) the relevant Index Sponsor calculates and publishes the level of such Composite Index and (ii) each Related Exchange (if any) in respect of each Composite Index in the basket, is open for trading during its regular trading session notwithstanding any such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Per Index Basis)**" means any Scheduled Trading Day on which: (a) in the case of any Composite Index (i) the Index Sponsor calculates and publishes the level of such Composite Index; and (ii) each Related Exchange (if any) in respect of such Composite Index is open for trading during its regular trading session, notwithstanding such Exchange or Related Exchange closing prior to its Scheduled Closing Time; and (b) for any other Index, the relevant Exchange and each Related Exchange (if any) in respect of such Index is open for trading during its regular trading session, notwithstanding any such relevant Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Business Day (Single Index Basis)**" means any Scheduled Trading Day on which (a) in respect of a Non-Composite Index, the relevant Exchange and each relevant Related Exchange (if any) in respect of such Index is open for trading during its regular trading session, notwithstanding any such relevant Exchange or relevant Related Exchange closing prior to its Scheduled Closing Time and (b) in respect of a Composite Index (i) the relevant Index Sponsor calculates and publishes the level of such Composite Index and (ii) each Related Exchange (if any) in respect of such Composite Index, is open for trading during its regular trading session notwithstanding such Exchange or Related Exchange closing prior to its Scheduled Closing Time.

"**Exchange Disruption**" means, with respect to:

(a) in the case of any Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general to effect transactions in, or obtain market values for, (A) any Component Security on the Exchange in respect of such Component Security; or (B) in futures or options contracts relating to such Index on the Related Exchange; or

(b) in the case of any Non-Composite Index, any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (A) to effect transactions in, or obtain market values for an Index, on any relevant Exchange(s) relating to Component Securities that comprise 20 per cent. or more of the level of the relevant Index, or (B) to effect transactions in, or obtain market values for, futures or options contracts relating to the relevant Index on any relevant Related Exchange.

"**Final Valuation Date**" means the date specified as the Final Valuation Date in the applicable Issue Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"**Hedging Disruption**" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk, including but not limited to the currency

risk, of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by Calculation Agent acting in good faith and in a commercially reasonable manner.

"**Hedging Party**" means, at any relevant time, the Issuer or any Affiliate(s) or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the N&C Securities as the Issuer may select at such time.

"**Hedging Shares**" means the number of Component Securities comprised in an Index that the Issuer deems necessary to hedge the equity or other price risk of entering into and performing its obligations with respect to the N&C Securities.

"**Increased Cost of Hedging**" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, equity price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Increased Cost of Stock Borrow**" means that the Hedging Party would incur a rate to borrow any Component Security comprised in an Index that is greater than the Initial Stock Loan Rate.

"**Index**" and "**Indices**" mean, subject to adjustment in accordance with these Equity Index Linked Conditions, the equity index or equity indices specified in the applicable Issue Terms and related expressions shall be construed accordingly.

"**Index Level**" means, in respect of an Index, the Opening Level, Closing Level, Intraday Level or Observation Level of such Index, as set out in the applicable Issue Terms provided.

"**Index Sponsor**" means, in relation to an Index, the corporation or other entity that (a) is responsible for setting and reviewing the rules and procedures and the methods of calculation and adjustments, if any, related to such Index and (b) announces (directly or through an agent) the level of such Index on a regular basis, which as of the Issue Date of the N&C Securities is the index sponsor specified for such Index in the applicable Issue Terms.

"**Initial Stock Loan Rate**" means, in respect of the relevant Component Security, the rate which the Hedging Party would have incurred to borrow such Component Security on any Relevant Market as of the Trade Date, as determined by the Calculation Agent.

"**Initial Valuation Date**" means the date specified as the Initial Valuation Date in the applicable Issue Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"**Intraday Level**" means the level of an Index observed by the Calculation Agent at any time during the regular trading session hours of the relevant Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

"**Loss of Stock Borrow**" means that the Hedging Party is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) any Component Securities comprised in an Index in an amount equal to the Hedging Shares at a rate equal to or less than the Maximum Stock Loan Rate.

"**Maximum Stock Loan Rate**" means, unless otherwise specified in the applicable Issue Terms, and in respect of the relevant Component Security, the lowest rate which the Hedging Party, after using commercially reasonable efforts, would have incurred to borrow such Component Security in the Relevant Market, in an amount equal to the Hedging Shares, as of the Trade Date, as determined by the Calculation Agent.

"**Non-Composite Index**" means an Index that is not a Composite Index (together "**Non-Composite Indices**").

"**Observation Level**" means any of the following levels, each as specified in the applicable Issue Terms: (a) the lowest Closing Level observed by the Calculation Agent on the Scheduled Observation Dates, (b) the highest Closing Level observed by the Calculation Agent on the Scheduled Observation Dates, or (c) the level of the Index observed by the Calculation Agent on the relevant Initial Valuation Date or Scheduled Observation Date at the time specified in the applicable Issue Terms.

"**Observation Period**" means the period specified as the Observation Period in the applicable Issue Terms.

"**Opening Level**" means, in relation to:

(a) a Non-Composite Index, an amount equal to the official opening level of the Index as published by the relevant Index Sponsor; or

(b) a Composite Index, the official opening level of such Index as published by the relevant Index Sponsor,

in each case as determined by the Calculation Agent.

"**Related Exchange**" means, in respect of Equity Index Linked Interest N&C Securities and in relation to an Index, each exchange or quotation system on which option contracts or futures contracts relating to such Index are traded, as determined by the Calculation Agent, or each exchange or quotation system specified as such for such Index in the applicable Issue Terms, any successor to any such exchange or quotation system or any substitute exchange or quotation system to which trading in futures or options contracts relating to such Index has temporarily relocated (provided that the Calculation Agent has determined that there is comparable liquidity relative to the futures or options contracts relating to such Index on such temporary substitute exchange or quotation system as on the original Related Exchange), provided that where "**All Exchanges**" is specified as the Related Exchange in the applicable Issue Terms, "**Related Exchange**" shall mean each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to such Index as determined by the Calculation Agent.

"**Relevant Market**" means, for the purpose of determining any value or other amount pursuant to these Equity Index Linked Conditions, any relevant quotation system, exchange, dealing system, screen page, over-the-counter derivatives or other market which the Calculation Agent determines appropriate for such purpose and which it may select taking into account hedging arrangements of the Issuer and/or its Affiliates for the N&C Securities.

"**Relevant Time**" shall have the meaning specified in the applicable Issue Terms.

"**Reuters Screen**" shall mean, when used in connection with any designated page, specified in the applicable Issue Terms, the display page so designated on the Reuters Money Market Rate Services or such other services or service as may be nominated as the information vendor for the purpose of displaying the specific page on that service or such other page as may be replace that page on that service or such other service, in all cases for the purpose of displaying comparable rates in succession thereto.

"**Scheduled Closing Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday closing time of such Exchange or Related Exchange on such Scheduled Trading Day, without regard to after hours or any other trading outside of the regular trading session hours.

"**Scheduled Observation Date**" means each date specified as a Scheduled Observation Date in the applicable Issue Terms, which shall be deemed to be a Valuation Date for the purposes of determining the consequences of any such day not being a Scheduled Trading Day or a Disrupted Day occurring on any such day in accordance with these Equity Index Linked Conditions.

"**Scheduled Opening Time**" means, in respect of an Exchange or Related Exchange and a Scheduled Trading Day, the scheduled weekday opening time of such Exchange or Related Exchange on such

Scheduled Trading Day, without regard to any pre-opening or any other trading outside of the regular trading session hours.

"**Scheduled Trading Day**" means (a) in the case of a single Index, Scheduled Trading Day (Single Index Basis) or (b) in the case of a basket of Indices or assets, (i) Scheduled Trading Day (All Indices Basis) or (ii) Scheduled Trading Day (Per Index Basis), in each case as specified in the applicable Issue Terms, provided that if, in the case of (b), no such specification is made in the applicable Issue Terms, Scheduled Trading Day (All Indices Basis) shall apply.

"**Scheduled Trading Day (All Indices Basis)**" means, in respect of a basket of Indices or assets any day on which (a) in respect of any Non-Composite Indices, each relevant Exchange and each Related Exchange (if any) in respect of each Index in the basket is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Indices, (i) the relevant Index Sponsor is scheduled to calculate and publish the levels of each Composite Index in the basket and (ii) each Related Exchange (if any) in respect of such Composite Indices is scheduled to be open for trading during its regular trading session.

"**Scheduled Trading Day (Per Index Basis)**" means (a) in respect of a Non-Composite Index, any day on which the relevant Exchange and each Related Exchange (if any) in respect of such Index is scheduled to be open for trading for its regular trading session, and (b) in respect of any Composite Index, any day on which (i) the Index Sponsor is scheduled to calculate and publish the level of such Composite Index; and (ii) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading for its regular trading session.

"**Scheduled Trading Day (Single Index Basis)**" means any day on which (a) in respect of an Index other than a Composite Index, the relevant Exchange and each Related Exchange (if any) is scheduled to be open for trading during its regular trading session, and (b) in respect of a Composite Index (i) the relevant Index Sponsor is scheduled to calculate and publish the level of such Composite Index and (ii) each Related Exchange (if any) in respect of such Composite Index is scheduled to be open for trading during its regular trading session.

"**Scheduled Valuation Date**" means any original date that, but for the occurrence of an event issuing a Disrupted Day would have been a Valuation Date.

"**Screen Page**" means the page specified in the applicable Issue Terms, or any successor page or service thereto.

"**Settlement Cycle**" means, in respect of any Index, the period of Clearance System Business Days following a trade in the securities underlying such Index on the Exchange in which settlement will customarily occur according to the rules of such Exchange (or, if there are multiple Exchanges in respect of an Index, the longest such period).

"**Specified Maximum Days of Disruption**" means the lesser of (a) either (i) eight (8) Scheduled Trading Days or (ii) such other number of Scheduled Trading Days specified as such in the applicable Issue Terms and (b) such number of Scheduled Trading Days in the period from (but excluding) the Scheduled Valuation Date or Scheduled Averaging Date, as applicable to (but excluding) the third (3rd) Business Day prior to any due date or scheduled date for any payment under the N&C Securities for which valuation on the relevant Averaging Date or Valuation Date is relevant, all as determined by the Calculation Agent.

"**Trade Date**" means the date specified as such in relation to Equity Index Linked Interest N&C Securities in the applicable Issue Terms.

"**Trading Disruption**" means:

(a) in the case of a Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise: (i) relating to any Component Security on the Exchange in respect of such Component Security; or (ii) in futures or options contracts relating to the Index on the Related Exchange; and

(b) in the case of a Non-Composite Index, any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (a) relating to the Component Securities that comprise 20.00 per cent. or more of the level of such Index on any relevant Exchange(s) or (b) in futures or options contracts relating to such Index on any relevant Related Exchange.

"**Valuation Date**" means the date specified as such in the applicable Issue Terms and otherwise in accordance with the above provisions or, if such day is not a Scheduled Trading Day, the immediately succeeding Scheduled Trading Day unless, in the opinion of the Calculation Agent, such day is a Disrupted Day. If such day is a Disrupted Day, then:

(a) in the case of N&C Securities relating to a single Index, the Valuation Date shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day, unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level by determining the level or price of the Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating the Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security or asset comprised in the Index, as applicable (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset, as applicable, on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security or asset, as applicable, as of the Valuation Time on that eighth Scheduled Trading Day); or

(b) in the case of N&C Securities relating to a basket of assets, the Valuation Date for each Index, not affected by the occurrence of a Disrupted Day shall be the Scheduled Valuation Date, and the Valuation Date for each Index, affected (each an "**Affected Item**") by the occurrence of a Disrupted Day shall be the first succeeding Scheduled Trading Day that is not a Disrupted Day relating to the Affected Item unless each of the number of consecutive Scheduled Trading Days equal to the Specified Maximum Days of Disruption immediately following the Scheduled Valuation Date is a Disrupted Day relating to the Affected Item. In that case, (i) the last such consecutive Scheduled Trading Day shall be deemed to be the Valuation Date for the Affected Item, notwithstanding the fact that such day is a Disrupted Day, and (ii) the Calculation Agent shall determine the Index Level using, in relation to the Affected Item, the level or price of that Index as of the Valuation Time on the last such consecutive Scheduled Trading Day in accordance with the formula for and method of calculating that Index last in effect prior to the occurrence of the first Disrupted Day using the Exchange traded or quoted price as of the Valuation Time on the last such consecutive Scheduled Trading Day of each security or asset comprised in that Index, as applicable (or, if an event giving rise to a Disrupted Day has occurred in respect of the relevant security or asset, as applicable, on the last such consecutive Scheduled Trading Day, its good faith estimate of the value for the relevant security or asset, as applicable, as of the Valuation Time on that eighth Scheduled Trading Day).

"**Valuation Time**" means the Relevant Time specified in the applicable Issue Terms or if not so specified:

(a) in the case of a Composite Index, in respect of such Index: (i) for the purposes of determining whether a Market Disruption Event has occurred: (A) in respect of any Component Security, for the purposes of determining an Opening Level, the Scheduled Opening Time or, for the purposes of determining a Closing Level, the Scheduled Closing Time on the Exchange in respect of such Component Security, and (B) in respect of any options contracts or futures contracts on the Index, for purposes of determining an Opening Level, the open of trading or, for purposes of determining a Closing Level, the close of trading on the Related Exchange; and (ii) in all other circumstances, the time at which the relevant Index Level is calculated and published by the Index Sponsor or quoted on the relevant Exchange; and

(b) in the case of any Non-Composite Index, (i) for the purposes of determining an Opening Level, the Scheduled Opening Time or, for the purposes of determining a Closing Level, the Scheduled

Closing Time on the Exchange on the relevant date. If the Exchange closes prior to its Scheduled Closing Time and the specified Valuation Time is after the actual closing time for its regular trading session, then the Valuation Time shall be such actual closing time and (ii) in all other circumstances, the time at which the relevant Index Level is calculated and published by the Index Sponsor or quoted on the relevant Exchange.

INFLATION INDEX ANNEX

ADDITIONAL TERMS AND CONDITIONS FOR INFLATION INDEX LINKED INTEREST N&C SECURITIES

*The terms and conditions applicable to Inflation Index Linked Interest N&C Securities shall comprise the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**") and the additional Terms and Conditions set out below (the "**Inflation Index Linked Conditions**") and the Inflation Index Linked Conditions, together with the Terms and Conditions as set out in each other Annex which is specified as applicable in the applicable Issue Terms (together with the N&C Security Conditions and the Inflation Index Linked Conditions, the "**Conditions**") and, subject to completion in the applicable Issue Terms. In the event of any inconsistency between the N&C Security Conditions and the Inflation Index Linked Conditions, the Inflation Index Linked Conditions set out below shall prevail. In the event of any inconsistency between (i) the N&C Security Conditions and/or the Inflation Index Linked Conditions and (ii) the Issue Terms, the Issue Terms shall prevail.*

References below to a numbered N&C Security Condition are to such numbered section of the N&C Security Conditions and references to a numbered Inflation Index Linked Condition are to such numbered section as set out in this Inflation Index Annex. Defined terms used in this Inflation Index Annex or the related section of the Issue Terms where the same term may be used in another Annex (e.g. Determination Date, Hedging Party, Final Valuation Date or Averaging Date) shall have the meanings given in this Inflation Index Annex or in the section of the Issue Terms relating to Inflation Index Linked Interest N&C Securities notwithstanding the same terms being used in another Annex or section of the Issue Terms.

1. Inflation Index Linked Interest N&C Securities

Unless previously redeemed or purchased and cancelled in accordance with the N&C Security Conditions and subject to these Inflation Index Linked Conditions, each Inflation Index Linked Interest N&C Security will bear interest in the manner specified in the applicable Issue Terms and the Conditions.

2. Key Dates and Baskets

2.1 Key Dates

The applicable Issue Terms may specify a number of key dates (each a "**Key Date**") in respect of which an Inflation Index valuation is to be made. For each Key Date the relevant Reference Month, Determination Date(s), Inflation Cut-Off Date and, where applicable, End Date will be specified. The Calculation Agent will apply the provision of these Inflation Index Linked Conditions separately in each case to make the relevant Inflation Index valuation in relation to each Key Date accordingly. Each such Inflation Index level determined will be deemed to be an Observation Level, as specified in the applicable Issue Terms.

2.2 Baskets

The applicable Issue Terms may specify that the N&C Securities relate to a single asset or a basket of assets. These Inflation Index Linked Conditions will apply to valuation and determinations in relation to each Inflation Index which forms the single asset or a constituent of the basket of assets referred to above.

3. Inflation Index Delay and Disruption Provisions

3.1 Delay in Publication

If the Calculation Agent determines that a Delayed Index Level Event in respect of an Inflation Index has occurred with respect to any Determination Date, then the Relevant Level for such Inflation Index with respect to the relevant Reference Month subject to such Delayed Index Level Event (the "**Substitute Index Level**") shall be determined by the Calculation Agent as follows:

(a) if "Related Bond" is specified as applicable for such Inflation Index in the relevant Issue Terms, the Calculation Agent shall determine the Substitute Index Level by reference to the corresponding index level determined under the terms and conditions of the relevant Related Bond; or

(b) if (I) "Related Bond" is not specified as applicable for such Inflation Index in the relevant Issue Terms, or (II) the Calculation Agent is not able to determine a Substitute Index Level under (a) above, the Calculation Agent shall determine the Substitute Index Level by reference to the following formula:

$$\text{Substitute Index Level} = \text{Base Level} \times \left(\frac{\text{Latest Level}}{\text{Reference Level}}\right),$$

in each case as of such Determination Date,

where:

"**Base Level**" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month which is 12 calendar months prior to the month for which the Substitute Index Level is being determined.

"**Latest Level**" means, in respect of an Inflation Index, the latest level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor prior to the month in respect of which the Substitute Index Level is being determined.

"**Reference Level**" means, in respect of an Inflation Index, the level of such Inflation Index (excluding any "flash" estimates) published or announced by the relevant Inflation Index Sponsor in respect of the month that is 12 calendar months prior to the month in respect of the Latest Level.

The Issuer shall give notice to N&C Securityholders, in accordance with N&C Security Condition 13 (*Notices*) of any Substitute Index Level calculated pursuant to this Inflation Index Linked Condition 3.

If the Relevant Level (as defined below) is published or announced at any time on or after the relevant Inflation Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this Inflation Index Linked Condition 3 will be the definitive level for that Reference Month.

3.2 **Cessation of Publication**

If the Calculation Agent determines that the level for the Inflation Index has not been published or announced for two (2) consecutive months, the Inflation Index Sponsor announces that it will no longer continue to publish or announce the Inflation Index or the Inflation Index Sponsor otherwise cancels the Inflation Index, then the Calculation Agent shall determine a successor inflation index (the "**Successor Inflation Index**") (in lieu of any previously applicable Inflation Index) for the purposes of the Inflation Index Linked Interest N&C Securities by using the following methodology:

(a) if at any time (other than after an early cancellation event has been designated by the Calculation Agent pursuant to Inflation Index Linked Condition 3.2(e) below), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "Successor Inflation Index" notwithstanding that any other Successor Inflation Index may previously have been determined under Inflation Index Linked Conditions 3.2(b), 3.2(c) or 3.2(d) below;

(b) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Condition 3.2(a) above, and a notice has been given or an announcement has been made by the Inflation Index Sponsor, specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Index Linked Interest N&C Securities from the date that such replacement Inflation Index comes into effect;

(c) if a Successor Inflation Index has not been determined pursuant to Inflation Index Linked Conditions 3.2(a) or 3.2(b) above, the Calculation Agent shall ask five leading independent

dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "Successor Inflation Index". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this Inflation Index Linked Condition 3.2(c), the Calculation Agent will proceed to Inflation Index Linked Condition 3.2(d) below;

(d) if no replacement index or Successor Inflation Index has been determined under Inflation Index Linked Conditions 3.2(a), 3.2(b) or 3.2(c) above by the next occurring Inflation Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Inflation Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or

(e) if the Calculation Agent determines that there is no appropriate alternative index in relation to Inflation Index Linked Interest N&C Securities, the Issuer acting in good faith and in a commercially reasonable manner discretion may either (1) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to the terms of the N&C Securities (only to the extent such terms are relevant to the determination of an interest amount (but not, for the avoidance of doubt, any terms relating to the redemption of the N&C Securities)) to account for this event or (2) on giving not less than 5 Business Days' notice to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) the Issuer shall redeem all, but not some only, of the Inflation Index Linked Interest N&C Securities, each Inflation Index Linked Interest N&C Security being redeemed by payment of the Early Redemption Amount. Payments will be made in such manner as shall be notified to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

3.3 **Rebasing of the Inflation Index**

If the Calculation Agent determines that the Inflation Index has been or will be rebased at any time, the Inflation Index as so rebased (the "**Rebased Index**") will be used for purposes of determining the level of the Inflation Index from the date of such rebasing; provided, however, that the Calculation Agent shall make adjustments as are made by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, if "Related Bond" is specified as applicable in the applicable Issue Terms, to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased, or, if "Related Bond" is not specified as applicable in the applicable Issue Terms, the Calculation Agent shall make adjustments to the levels of the Rebased Index so that the Rebased Index levels reflect the same rate of inflation as the Inflation Index before it was rebased provided that adjustment will only be made to the interest provisions and the Calculation Agent may not adjust the provisions relating to the redemption of the N&C Security.

3.4 **Material Modification Prior to Last Occurring Inflation Cut-Off**

If, on or prior to the last occurring Inflation Cut-Off Date, the Inflation Index Sponsor announces that it will make a material change to the Inflation Index then the Calculation Agent shall make any such adjustments, if "Related Bond" is specified as applicable in the applicable Issue Terms, consistent with adjustments made to the Related Bond, or, if "Related Bond" is not specified as applicable in the applicable Issue Terms, only those adjustments to the Inflation Index necessary for the modified Inflation Index to continue as the Inflation Index.

3.5 **Manifest Error in Publication**

To the extent that it has sufficient time and it is reasonable to do so prior to the relevant Interest Payment Date if, within thirty (30) calendar days of publication, the Calculation Agent determines that the Inflation Index Sponsor has corrected the level of the Inflation Index to remedy a manifest error in its original publication, the Calculation Agent may, in its discretion, make such adjustments to the terms of the Inflation Index Linked Interest N&C Securities as it determines appropriate to account for the correction and will notify the N&C Securityholders of any such adjustments in accordance with N&C Security Condition 13 (*Notices*) provided that adjustment will only be made to the interest provisions and the Calculation Agent may not adjust the provisions relating to the redemption of the N&C Security.

4. **Additional Disruption Events**

"**Additional Disruption Event**" means any of Change in Law, Hedging Disruption and/or Increased Cost of Hedging in each case if specified as applying to Inflation Index Linked Interest N&C Securities in the applicable Issue Terms.

(a) If an Additional Disruption Event occurs, the Issuer acting in good faith and in a commercially reasonable manner may either:

(i) require the Calculation Agent to determine acting in good faith and in a commercially reasonable manner the appropriate adjustment, if any, to be made to any of the terms of the N&C Securities (only to the extent such terms are relevant to the determination of an interest amount (but not, for the avoidance of doubt, any terms relating to the redemption of the N&C Securities)) to account for the Additional Disruption Event and determine the effective date of that adjustment; or

(ii) redeem all, but not some only, of the N&C Securities by giving not less than 5 Business Days' notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*). If the N&C Securities are so redeemed the Issuer will pay each N&C Securityholder the Early Redemption Amount in respect of each N&C Security held by him. Payments will be made in such manner as will be notified to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

(b) Upon the occurrence of an Additional Disruption Event, the Issuer will give notice as soon as practicable to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) stating the occurrence of the Additional Disruption Event (including giving details thereof) and the action proposed to be taken in relation thereto provided that any failure to give, or non-receipt of, such notice will not affect the validity of the Additional Disruption Event or the proposed action.

5. **INFLATION INDEX DISCLAIMER**

The N&C Securities are not sponsored, endorsed, sold or promoted by the Inflation Index or the Inflation Index Sponsor and the Inflation Index Sponsor does not make any representation whatsoever, whether express or implied, either as to the results to be obtained from the use of the Inflation Index and/or the levels at which the Inflation Index stands at any particular time on any particular date or otherwise. Neither the Inflation Index nor the Inflation Index Sponsor shall be liable (whether in negligence or otherwise) to any person for any error in the Inflation Index and the Inflation Index Sponsor is under no obligation to advise any person of any error therein. The Inflation Index Sponsor is not making any representation whatsoever, whether express or implied, as to the advisability of purchasing or assuming any risk in connection with the N&C Securities. The Issuer shall not have any liability to the N&C Securityholders for any act or failure to act by the Inflation Index Sponsor in connection with the calculation, adjustment or maintenance of the Inflation Index. Neither the Issuer nor its Affiliates has any affiliation with or control over the Inflation Index or the Inflation Index Sponsor or any control over the computation, composition or dissemination of the Inflation Index. Although the Calculation Agent will obtain information concerning the Inflation Index from publicly available sources it believes reliable, it will not independently verify this information. Accordingly, no representation, warranty or undertaking (express or implied) is made and no responsibility is accepted by the Issuer, its Affiliates or the Calculation Agent as to the accuracy, completeness and timeliness of information concerning the Inflation Index.

6. **DEFINITIONS**

For the purpose of the Inflation Index Linked Interest N&C Securities:

"**Change in Law**" means that, on or after the Trade Date (as specified in the applicable Issue Terms):

(a) due to the adoption of or any change in any applicable law or regulation (including, without limitation, any tax law), or

(b) due to the promulgation of or any change in the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law or regulation (including any action taken by a taxing authority),

the Calculation Agent determines acting in good faith and in a commercially reasonable manner that (i) it has become illegal for any Hedging Party to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index, and/or (ii) any Hedging Party will incur a materially increased cost in performing its obligations in relation to the N&C Securities (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its Affiliates or any other Hedging Party).

"**Delayed Index Level Event**" means, in respect of any Determination Date and an Inflation Index, that the relevant Inflation Index Sponsor fails to publish or announce the level of such Inflation Index (the "**Relevant Level**") in respect of any Reference Month which is to be utilised in any calculation or determination to be made by the Issuer in respect of such Determination Date, at any time on or prior to the Inflation Cut-Off Date.

"**Determination Date**" means each date specified as such in the applicable Issue Terms.

"**End Date**" means each date specified as such in the applicable Issue Terms.

"**Fallback Bond**" means, in respect of an Inflation Index, a bond selected by the Calculation Agent and issued by the government of the country to whose level of inflation the relevant Inflation Index relates and which pays a coupon or redemption amount which is calculated by reference to such Inflation Index, with a maturity date which falls on (a) the End Date specified in the applicable Issue Terms, (b) the next longest maturity after the End Date if there is no such bond maturing on the End Date, or (c) the next shortest maturity before the End Date if no bond defined in (a) or (b) is selected by the Calculation Agent. If the relevant Inflation Index relates to the level of inflation across the European Monetary Union, the Calculation Agent will select an inflation-linked bond that is a debt obligation of one of the governments (but not any government agency) of France, Italy, Germany or Spain and which pays a coupon or redemption amount which is calculated by reference to the level of inflation in the European Monetary Union. In each case, the Calculation Agent will select the Fallback Bond from those inflation-linked bonds issued on or before the Issue Date and, if there is more than one inflation-linked bond maturing on the same date, the Fallback Bond shall be selected by the Calculation Agent from those bonds. If the Fallback Bond redeems, the Calculation Agent will select a new Fallback Bond on the same basis, but notwithstanding the immediately prior sentence, selected from all eligible bonds in issue at the time the original Fallback Bond redeems (including any bond for which the redeemed bond is exchanged).

"**Hedging Disruption**" means that any Hedging Party is unable, after using commercially reasonable efforts, to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge any relevant price risk, including but not limited to currency risk, of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (b) freely realise, recover, remit, receive, repatriate or transfer the proceeds of any such transaction(s) or asset(s), as determined by the Calculation Agent.

"**Hedging Party**" means, at any relevant time, the Issuer, or any of its Affiliates or any entity (or entities) providing the Issuer directly or indirectly with hedging arrangements in relation to the N&C Securities as the Issuer may select at such time.

"**Increased Cost of Hedging**" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, inflation price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the N&C Securities, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

"**Inflation Cut-Off Date**" means, in respect of a Determination Date, five (5) Business Days prior to any due date or scheduled date for payment under the N&C Securities for which valuation on the relevant Determination Date is relevant, unless otherwise stated in the applicable Issue Terms.

"**Inflation Index**" means each inflation index specified in the applicable Issue Terms and related expressions shall be construed accordingly.

"**Inflation Index Sponsor**" means, in relation to an Inflation Index, the entity that publishes or announces (directly or through an agent) the level of such Inflation Index which, as of the Issue Date, is the Inflation Index Sponsor specified in the applicable Issue Terms.

"**Observation Level**" means any of the following levels, each as specified in the applicable Issue Terms: (a) the lowest level of the Inflation Index observed by the Calculation Agent on the Scheduled Observation Dates, (b) the highest level of the Inflation Index observed by the Calculation Agent on the Scheduled Observation Dates, or (c) the level of the Inflation Index observed by the Calculation Agent on the relevant Scheduled Observation Date as specified in the applicable Issue Terms.

"**Reference Month**" means the calendar month for which the level of the Inflation Index is reported as specified in the applicable Issue Terms, regardless of when this information is published or announced; except that if the period for which the Relevant Level was reported is a period other than a month, the Reference Month shall be the period for which the Relevant Level is reported.

"**Related Bond**" means, in respect of an Inflation Index, the bond specified as such in the applicable Issue Terms. If the Related Bond specified in the applicable Issue Terms is "Fallback Bond", then, for any Related Bond determination, the Calculation Agent shall use the Fallback Bond. If no bond is specified in the applicable Issue Terms as the Related Bond and "Fallback Bond: Not Applicable" is specified in the applicable Issue Terms, there will be no Related Bond. If a bond is specified as the Related Bond in the applicable Issue Terms and that bond redeems or matures before the End Date (i) unless "Fallback Bond: Not Applicable" is specified in the applicable Issue Terms, the Calculation Agent shall use the Fallback Bond for any Related Bond determination and (ii) if "Fallback Bond: Not Applicable" is specified in the applicable Issue Terms, there will be no Related Bond.

"**Relevant Level**" has the meaning set out in the definition of "Delayed Index Level Event" above.

FORM OF FINAL TERMS FOR NON EXEMPT N&C SECURITIES

Set out below is the form of Final Terms which will be completed for each Tranche of Non-Exempt N&C Securities issued under the Programme pursuant to this Base Prospectus.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – [Other than with respect to offers of the N&C Securities in [*specify jurisdiction(s) for which a PRIIPs KID is being prepared*] [during the period[s] [●]-[●] [*repeat periods as necessary*],] [T]/[t]he N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently[, save as provided above,] no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – [Other than with respect to offers of the N&C Securities in the United Kingdom [during the period[s] [●]-[●] [*repeat periods as necessary*],] [T]/[t]he N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently[, save as provided above,] no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the N&C Securities to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]/[**MIFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the N&C Securities to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market

assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable].]

[**UK MIFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") only; and (ii) all channels for distribution of the N&C Securities to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]/[**UK MiFIR product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the N&C Securities to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [*Consider any negative target market*.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

APPLICABLE FINAL TERMS

PLEASE CAREFULLY READ THE RISK FACTORS IN THE BASE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE N&C SECURITIES AND THE SUITABILITY OF AN INVESTMENT IN THE N&C SECURITIES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES

[*Date*]

Santander UK plc

Legal Entity Identifier (LEI): PTCQB104N23FMNK2RZ28

Issue of [*Aggregate Nominal Amount/Number of Units of Tranche*] [*Title of N&C Securities*]
(the "**N&C Securities**")

under the
Structured Note and Certificate Programme
(the "**Programme**")

Any person making or intending to make an offer of the N&C Securities may only do so[:

(a) in the United Kingdom, provided such person is a Dealer or Authorised Offeror (as such term is defined in the Base Prospectus) and that the offer is made during the Offer Period specified

in Paragraph 9.5 of Part B below and that any conditions relevant to the use of the Base Prospectus are complied with; or

(b) otherwise,][1] in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to either of Article 3 of the UK Prospectus Regulation or section 85 of the FSMA or to supplement a prospectus pursuant to either of Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of N&C Securities in any other circumstances.

The expression "**FSMA**" means the Financial Services and Markets Act 2000. The expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended) and regulations made thereunder.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**" and, together with the applicable Annex(es), the "**Conditions**") set forth in the Base Prospectus dated 18 March 2022 [and the supplement[s] to the Base Prospectus dated 18 March 2022] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "**Base Prospectus**"). This document constitutes the Final Terms of the N&C Securities described herein for the purposes of Article 8(4) of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Issuer and the offer of the N&C Securities is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus has been published on the websites of the London Stock Exchange (www.londonstockexchange.com) and the Issuer's website (http://www.santander.co.uk). [The Base Prospectus is also available for viewing during normal business hours at the specified office of Citibank, N.A., London Branch acting as Principal Paying Agent and copies may be obtained from the registered office of the Issuer.] In the event of any inconsistency between the Conditions and the Final Terms, these Final Terms prevail. [A summary of the N&C Securities is annexed to these Final Terms.][2]

[The Base Prospectus will expire on 17 March 2023. The new base prospectus ("**[●] Base Prospectus**") will be valid from and including [●] and will be published on the websites of the London Stock Exchange (www.londonstockexchange.com) and the Issuer's website (http://www.santander.co.uk). Following expiry of the Base Prospectus the offering of the N&C Securities will continue under the [●] Base Prospectus. The terms and conditions and the form of final terms of the N&C Securities from the Base Prospectus will be incorporated by reference into the [●] Base Prospectus and will continue to apply to the N&C Securities.

Holders of the N&C Securities who accepted the offer to purchase such N&C Securities will have the right to withdraw their acceptances up to two working days after the publication of the [●] Base Prospectus in accordance with Article 8(11) of the UK Prospectus Regulation.][3]

The N&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws of any state or other jurisdiction of the United States. The N&C Securities, or interests therein, may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, within the United States or directly or indirectly offered, sold, resold, traded, pledged, redeemed, transferred or delivered to, or for the account or benefit of any U.S. Person (as defined below). Furthermore, the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act of 1936, as amended (the "**CEA**"), and trading in the N&C Securities has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. Person may at any time trade or maintain a position in the N&C Securities. For a description of the restrictions on offers and sales of

[1] Delete where not applicable.

[2] Include this wording if the minimum denomination is less than £100,000 (or its equivalent in another currency).

[3] Include for N&C Securities which straddle this Base Prospectus and a future Base Prospectus.

N&C Securities, see "*Important Notice to Purchasers and Transferees of N&C Securities*" and "*Subscription and Sale*" in the Base Prospectus.

For the purposes of these Final Terms, "U.S. Person" means (i) a "U.S. person" as defined in Regulation S under the Securities Act ("**Regulation S**"), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC pursuant to the CEA, (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**").

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Final Terms.*]

[*By investing in the N&C Securities each investor is deemed to represent that:*

(a) ***Non-Reliance**. It is acting for its own account, and it has made its own independent decisions to invest in the N&C Securities and as to whether the investment in the N&C Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the N&C Securities, it being understood that information and explanations related to the terms and conditions of the N&C Securities shall not be considered to be investment advice or a recommendation to invest in the N&C Securities. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the N&C Securities.*

(b) ***Assessment and Understanding**. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the N&C Securities. It is also capable of assuming, and assumes, the risks of the investment in the N&C Securities.*

(c) ***Status of Parties**. Neither the Issuer nor any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the N&C Securities*.]

1.	Issuer:		Santander UK plc
2.	2.1	Type of N&C Security:	[Note] / [Certificate]
	2.2	Series Number:	[●]
	2.3	Tranche Number:	[●]
	2.4	[Date on which the N&C Securities will be consolidated and form a single Series:	The N&C Securities will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global N&C Security for interests in the Permanent Bearer Global N&C Security, as referred to in paragraph 25 below, which is expected to occur on or about [*insert date*]][Not Applicable]]
	2.5	Trading Method:	[Nominal] / [Unit]
	2.6	Applicable Annex(es):	[Not Applicable] / [Payout] / [Equity Index] / [Inflation Index] / (*N.B. more than one Annex may apply*)

3.	Specified Currency:		[●] (*NB: the Specified Currency must be the same as the currency of the Preference Shares*)
4.	[Aggregate Nominal Amount] / [Aggregate Issue Size]:		
	4.1	Series:	[●][4]
	4.2	Tranche:	[●][5]
	4.3	[Nominal Amount per Unit:	For calculation purposes only, each Unit shall be deemed to have a nominal amount of [●]. (*If N&C Securities are not traded by unit, delete this item*)][6]
5.	5.1	[Issue Price] / [Unit Issue Price] for Tranche:[7]]	[100 per cent. of the Aggregate Nominal Amount] / [[●] [*Insert currency*] per Unit (the "**Issue Price**")] [plus accrued interest from and including [*insert date*] to but excluding the Issue Date (which is equal to [●] days' accrued interest) (*in the case of fungible issues, if applicable*)] [The aggregate Offer Prices (as specified in paragraph 10.1 of Part B to these Final Terms) received by the [Initial] Authorised Offeror in respect of the N&C Securities which shall be payable by the Dealer to the Issuer prior to the Issue Date] The Issue Price specified [in/at [paragraph [●]]/above] may be more than the market value of the N&C Securities as at the Issue Date, and the price, if any, at which the Dealer or any other person is willing to purchase the N&C Securities in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may describe the overall proceeds received by the Issuer in connection with the issue of the N&C Securities expressed as a percentage of the Aggregate Nominal Amount. In addition to the purchase price received from the Dealer, the Issuer may receive up front payment(s) under the hedging arrangements for the N&C Securities and secondary market prices may exclude such amounts. [See further Part B, item 10.10 below.] To the extent permitted by applicable law, if any fees relating to the issue and sale of the

[4] For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

[5] For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

[6] For N&C Securities issued by Unit only.

[7] Note that for N&C Securities issued by nominal amount the "Issue Price" is the gross amount received by the Issuer in respect of the N&C Securities being issued and should be the same as the "Offer Price" (see Part B paragraph 10). Both the "Issue Price" and the "Offer Price" should be par (i.e. 100 per cent.).

			N&C Securities have been paid or are payable by the Dealer to an intermediary (which may or may not have acted as an Authorised Offeror) (an "**Intermediary**"), then such Intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such Intermediary, including [the FSMA and any other legislation, regulation and/or rule that may apply in the UK or other relevant jurisdiction]. Investors in the N&C Securities intending to invest in N&C Securities through an Intermediary (including by way of introducing broker) should request details of any such fee payment from such Intermediary before making any purchase thereof.
	5.2	[Unit Value on Issue:	[[*Insert currency*] per Unit] **Investors should note that the value of a Unit in the secondary market or on redemption may be less than the Unit Value on Issue** (*If N&C Securities are not traded by unit, delete this item*)]
	5.3	[Aggregate Proceeds Amount:	[●] (*If N&C Securities are not traded by unit, delete this item*)][8]
6.	6.1	[Specified Denominations:	[●] [[*Where Bearer N&C Securities and multiple denominations above £100,000 or its equivalent in another currency are being used, the following sample wording should be followed*: [[£100,000] and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No N&C Securities in definitive form will be issued with a denomination exceeding [£199,000].][9]] (*If N&C Securities are not traded by nominal amount, delete this item*)

[8] The Aggregate Proceeds Amount should be an amount equal to the Aggregate Issue Size multiplied by the Unit Issue Price.

[9] Not Applicable in the case of Definitive Registered N&C Securities.

	6.2	[Minimum Tradable Size:	[[£100,000][10] [[●] Units and in multiples of [●] Unit[s] (the "**Multiple Tradeable Size**") in excess thereof.][11]]
	6.3	Calculation Amount per N&C Security:	[●] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.* *Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.*)
7.	7.1	Issue Date:	[*specify date*] (*NB. The Preference Shares should be issued before such date*)
	7.2	Interest Commencement Date (if different from the Issue Date):	[specify date] [Not Applicable]
8.	Type of N&C Security:		[Fixed Rate N&C Security] [Floating Rate N&C Security] [Cross-Asset Linked Interest N&C Security: (*specify each relevant Type as follows*)] [Equity Index Linked Interest N&C Security] [Inflation Index Linked Interest N&C Security] [Non-interest bearing N&C Security] (*Specify all N&C Security types which apply*)
9.	Maturity Date:		The third Business Day following the Final Reference Date (such third Business Day the "**Scheduled Maturity Date**") and the Scheduled Maturity Date is scheduled to be [●], unless the Preference Shares are redeemed early in accordance with their terms
10.	Interest Basis:		[[●] per cent. Fixed Rate N&C Security] [[Bank of England Base Rate/EURIBOR/SONIA/€STR/[*Specify relevant ISDA Rate*]]+/-[●] per cent. Floating Rate N&C Security]

[10] Insert for N&C Securities issued by nominal amount only.

[11] Insert for N&C Securities issued by Unit only.

		[Variable Interest Rate N&C Security] [Non-interest bearing N&C Security] [Not applicable]
11.	Redemption / Payment Basis:	Preference Share linked redemption in accordance with N&C Security Condition 7
12.	Change of Interest Basis:	[Applicable] / [Not Applicable] [*Specify the date when any fixed to floating rate change occurs or cross-refer to paragraphs 15 and 16 below and identify there*]
13.	Issuer Call Option:	[Not Applicable] / [Issuer Call applicable(further particulars specified in paragraph 22 below)]
14.	Status of N&C Securities:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate N&C Security Provisions**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	15.1	Rate(s) of Interest/determination of interest:	[●] per cent. [per annum] payable in arrear on each Interest Payment Date (*or, if applicable, insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(a), the relevant Interest Payment Option from Payout Condition 2.2 and/or related definitions from Payout Condition 3.*)
	15.2	Interest Payment Date[s]:	[[●] in each year from (and including) [●] and up to (and including) [*insert date*] / [*specify other*] (*NB: do not specify the final Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*) (*N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 15.7 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 27 below*)

			(*NB: This will need to be amended in the case of irregular coupons*)
	15.3	Fixed Coupon Amount(s):(Applicable to N&C Securities in definitive form)	[[●] per Calculation Amount] [payable on the Interest Payment Dates falling in[●]]/ [Not Applicable]
	15.4	Broken Amount(s): (Applicable to N&C Securities in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] / [Not Applicable]
	15.5	Day Count Fraction:	[Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/ [Act/Act (ISDA)] [Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365(Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360 (ICMA)] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [unadjusted/adjusted] [Not Applicable] (*N.B. If interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction*) (*N.B. Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)
	15.6	Determination Date(s):	[[●] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
	15.7	Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [Not Applicable]
	15.8	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
16.	**Floating Rate N&C Security Provisions**		[Applicable] / [Not Applicable]

		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
16.1	Specified Period(s)/Specified Interest Payment Dates:	[[●] in each year from (and including) [●] up to (and including) [*specify date*]]/[*specify other*] [, subject to adjustment in accordance with the Business Day Convention set out below/not subject to any adjustment, as the Business Day Convention below is specified to be Not Applicable] (*NB: do not specify the final Specified Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*) (*N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 16.2 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 27 below*)
16.2	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention / [Not Applicable]]
16.3	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
16.4	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination / Overnight Rate Determination (SONIA) / Overnight Rate Determination (€STR)](further particulars specified in paragraph [16.6]/[16.7]/[16.9]/[16.10]/[16.11] below) (*or, if applicable, insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(b), the relevant Interest Payment Option from Payout Condition 2.2 and/or related definitions from Payout Condition 3.*)
16.5	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent) (*Note: Should always specify the Calculation Agent if Bank of England Base Rate Determination applies*):	[The Calculation Agent: See paragraph 30 below] / [*specify other*] [*Address*]

16.6	Screen Rate Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Reference Rate:	[●] month EURIBOR
	(b)	Interest Determination Date:	[●] (*Second day on which the TARGET2 System is open prior to the start of each Interest Period*)
	(c)	Relevant Screen Page:	[●] (*If not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend fallback provisions appropriately*)
16.7	ISDA Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	ISDA Definitions:	[2006 ISDA Definitions] / [2021 ISDA Interest Rate Derivatives Definitions]
	(b)	Floating Rate Option:	[●]
	(c)	Designated Maturity:	[●] / [Not Applicable]
	(d)	Reset Date:	[●] (*In the case of a EURIBOR based option, the first day of the Interest Period*)
	(e)	Compounding method:	[Not applicable] / [Compounding with Lookback Applicable Business Days means (*specify*)] / [Compounding with Observation Period Shift Observation Period Shift Business Days means (*specify*)] / [Compounding with Lockout Lockout Period Business Days means (*specify*)]
16.8	Linear Interpolation:		[Not Applicable] / [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
16.9	Bank of England Base Rate Determination:		[Applicable] / [Not Applicable]

			(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Designated Maturity:	[Daily] [●]
	(b)	Interest Determination Date:	[●]
	(c)	Relevant Screen Page:	[Reuters UKBASE] / [●]
16.10	Overnight Rate Determination (SONIA):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate] / [Compounded Index Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Interest Determination Date(s):	[●] London Banking Days prior to the relevant Interest Payment Date
	(d)	Rate Determination Date:	[●] / [Not Applicable] (*if applicable, specify the relevant London Banking Day in each Interest Period*)
	(e)	Relevant Screen Page:	[●]
	(f)	Observation Look-Back Period:	[●] London Banking Days
16.11	Overnight Rate Determination (€STR):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Interest Determination Date(s):	[●] TARGET2 Business Days prior to the relevant Interest Payment Date for each Interest Period
	(d)	Rate Determination Date:	[●] / [Not Applicable] (*if applicable, specify the relevant TARGET2 Business Day in each Interest Period*)
	(e)	Observation Look-Back Period:	[●] TARGET2 Business Days
16.12	Margin(s):		[+/-] [●] per cent. per annum
16.13	Rate Multiplier:		[Not Applicable] / [[●] per cent.]
16.14	Minimum Rate of Interest:		[●] per cent. per annum
16.15	Maximum Rate of Interest:		[●] per cent. per annum

	16.16	Day Count Fraction:	[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)] [Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/365 (Fixed)]/[Act/365(Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365 (Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360][360/360]/[Bond Basis] [30/360 (ICMA)] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [unadjusted/adjusted] [Not Applicable] [(*NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)]
	16.17	Determination Date(s):	[[●] in each year]/[Not Applicable] [*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
17.	**Other Variable Interest Rate N&C Security Provisions**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	17.1	Type of Variable Interest Rate N&C Securities:	(*Insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(c), the relevant Interest Payment Option from Payout Condition 2.2 and/or related definitions from Payout Condition 3*.)
	17.2	Specified Period(s) / Specified Interest Payment Dates:	[[●] in each year from (and including) [●] and up to (and including) [*specify date*] / [*specify other*] (*NB: do not specify the final Specified Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*)
	17.3	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]

17.4	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
17.5	Minimum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
17.6	Maximum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
17.7	Day Count Fraction:	[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)] [Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365 (Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360 (ICMA)] [30/360][360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [adjusted / unadjusted] [Not Applicable] [(*NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)]
17.8	Determination Date(s):	[[●] in each year]/[Not Applicable] [*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]

18. **Key Dates relating to Variable Interest Rate N&C Securities**

18.1	Trade Date:	[●]
18.2	Valuation Date(s):	[●] / [Not Applicable]
18.3	Initial Valuation Date:	[●] / [Not Applicable]
18.4	Scheduled Observation Date(s):	[●] / [Not Applicable]
18.5	Calculation Date(s):	[●] / [Not Applicable]
18.6	Observation Period:	[●] / [Not Applicable]
18.7	Averaging Dates:	[Averaging [applies / does not apply] to the N&C Securities.] [The Averaging Dates are [●].]

			[In the event that an Averaging Date is a Disrupted Day [Omission/ Postponement/ Modified Postponement] will apply.]
	18.8	Final Valuation Date:	[●] / [Not Applicable]
	18.9	Specified Maximum Days of Disruption:	[See [Equity Index Linked Condition 7] (*for Equity Index Linked Interest N&C Securities*)]] / [[*Specify number*] Scheduled Trading Days] / [Not Applicable]
19.	**Additional provisions relating to Equity Index Linked Interest N&C Securities**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	19.1	Whether the interest provisions in respect of the N&C Securities relate to single index or a basket containing one or more indices and the identity of each relevant Index:	[Single index] / [Basket containing one or more indices]
	19.2	Equity Index:	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (a) [*Name of Index/Basket Index*] (b) The relevant Index Sponsor is [*Name of Index Sponsor*] (c) Bloomberg Screen: [●] (*In case of more than one Index repeat the prompts set out in items 19.2 – 19.6 inclusive below and include the relevant information in a tabular format.*)
	19.3	Index Level:	[Opening Level] / [Intraday Level] / [Observation Level] / [Closing Level] (*NB:- If Observation Level is selected please specify one of (a) the [lowest] [highest] Closing Level observed by the Calculation Agent on the Scheduled Observation Dates or (b) the level of the Index observed by the Calculation Agent in accordance with the definition of Index Level at or about the Relevant Time on the [Initial Valuation Date] [Scheduled Observation Date]*).
	19.4	Exchange(s)	[The relevant Exchange[s] [is/are] [●]]
	19.5	Related Exchange:	[*specify*] / [All Exchanges]
	19.6	Relevant Time:	[Scheduled Closing Time] / [The relevant time is [●], being the time specified on the [Valuation Date/Averaging Date/Scheduled Observation Date] for the calculation of the Index Level.]

19.7	Exchange Business Day:	[Exchange Business Day (Single Index Basis)] / [Exchange Business Day (All Indices Basis)] / [Exchange Business Day (Per Index Basis)]/
19.8	Scheduled Trading Day:	[Scheduled Trading Day (Single Index Basis)] / [Scheduled Trading Day (All Indices Basis)] / [Scheduled Trading Day (Per Index Basis)]
19.9	Additional Disruption Events:	[Applicable]/[Not Applicable: the provisions of Equity Index Linked Condition 5 do not apply] (*if Not Applicable, delete the remaining parts of this item 19.9*) (a) Elected Events Only: [Applicable] / [Not Applicable] (b) [The following Additional Disruption Events apply to the N&C Securities: [Change in Law 1] [Change in Law 2] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow]] (*NB: delete this item (b)) if "Elected Events Only" is specified as Not Applicable*) (c) [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Component Security*] is [●]] (*NB: only applicable if Loss of Stock Borrow is applicable*) (d) [The Initial Stock Loan Rate in respect of [*specify in relation to each relevant Component Security*] is [●].] (*NB: only applicable if Increased Cost of Stock Borrow is applicable*)
19.10	Equity Index Linked Condition 3.2(c) (*Modification and Cessation of Calculation of an Index*):	[Applicable]/[Not Applicable]
19.11	Equity Index Linked Condition 5(a)(ii)(B) (*Additional Disruption Events*):	[Applicable]/[Not Applicable]
20.	**Additional provisions relating to Inflation Index Linked Interest N&C Securities**	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
20.1	Inflation Index/Inflation Indices:	[●] (*Give or details of index/indices. In case of more than one Inflation Index, repeat the prompts set out in items 20.1 –20.7 inclusive below and include the relevant information. In this case immediately before such items set out*

			the title: ***Information in relation to [name of Inflation Index]***)
20.2	Inflation Index Sponsor(s):		[●]
20.3	Reference source(s):		[●]
20.4	Related Bond:		[Applicable] / [Not Applicable] The Related Bond is: [●] [Fallback Bond] The issuer of the Related Bond is: [●]
20.5	Fallback Bond:		[Applicable] / [Not Applicable]
20.6	Observation Level:		[Applicable / Not Applicable] (*NB:- If applicable please specify one of (a) the [lowest] [highest] level of the Inflation Index observed by the Calculation Agent in accordance with the Inflation Index Linked Conditions in respect of the Scheduled Observation Dates or (b) the level of the Inflation Index observed by the Calculation Agent in accordance with the Inflation Index Linked Conditions in respect of the [Initial Valuation Date] [Scheduled Observation Date].*)
20.7	Inflation Index Dates in relation to [*name of Key Date*]:		(*In case of more than one Key Date, repeat the prompts set out in items 20.7(a) – 20.7(d) inclusive below (if different for each Key Date) and include the relevant information in a tabular format.*)
	(a)	Reference Month:	[●]
	(b)	Determination Date(s):	[●] (*Note this may be the relevant Key Date*)
	(c)	Inflation Cut-Off Date:	[●] [As defined in the Inflation Index Linked Conditions]
	(d)	End Date:	[●] [Maturity Date] (*This is necessary whenever Fallback Bond is Applicable*)
20.8	Additional Disruption Events:		[The following Additional Disruption Events apply to the N&C Securities: [Change in Law][,/and] [Hedging Disruption][,/and] [Increased Cost of Hedging]]/[Not Applicable: the provisions of Inflation Index Linked Condition 4 do not apply]
21.	**Additional provisions relating to Fixed Income Benchmark N&C Securities**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
21.1	Additional Business Centre(s):		[●] / [TARGET2] / [Not Applicable]

21.2	Manner in which the Rate of Interest and Interest Amount is to be determined:		[Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination / Overnight Rate Determination (SONIA) / Overnight Rate Determination (€STR)](further particulars specified in the below sub-paragraphs of this item 21)
21.3	Screen Rate Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Interest Determination Date(s):	[●]
	(b)	Reference Rate:	[●] month EURIBOR
	(c)	Relevant Screen Page:	[●] (*If not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately*)
21.4	ISDA Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	ISDA Definitions:	[2006 ISDA Definitions] / [2021 ISDA Interest Rate Derivatives Definitions]
	(b)	Reset Date(s):	[●]
	(c)	Floating Rate Option:	[●]
	(d)	Designated Maturity:	[●]
	(e)	Compounding method:	[Not applicable] / [Compounding with Lookback [Applicable Business Days means (*specify*)] / [Compounding with Observation Period Shift Observation Period Shift Business Days means (*specify*)] / [Compounding with Lockout Lockout Period Business Days means (*specify*)]
21.5	Bank of England Base Rate Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Designated Maturity:	[Daily] [●]

	(b)	Relevant Screen Page:	[Reuters UKBASE] / [●]
21.6	Overnight Rate Determination (SONIA):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate] / [Compounded Index Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Relevant Screen Page:	[●]
	(d)	Rate Determination Date:	[●] / [Not Applicable]
	(e)	Observation Look-Back Period:	[●] London Banking Days
21.7	Overnight Rate Determination (€STR):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Rate Determination Date:	[●] / [Not Applicable]
	(d)	Observation Look-Back Period:	[●] TARGET2 Business Days
21.8	Margin(s):		[+/-][●] per cent. per annum
21.9	Minimum Rate of Interest:		[●] per cent. per annum
21.10	Maximum Rate of Interest:		[●] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call	[Applicable] / [Not Applicable] [*If applicable, insert*: Optional Preference Share Redemption Valuation Date(s): [*insert date(s)*] (subject to adjustment in accordance with N&C Security Condition [7.2])]
23.	Provisions relating to Preference Share Linked Redemption:	
23.1	Preference Shares	[*insert title and series number*] issued by the Company
23.2	Initial Reference Date:	[*insert date*]
23.3	Preference Share Valuation Date:	[*insert date*] [, unless the Preference Shares are to be redeemed following a Scheduled Observation Date (as defined in their terms), in which case the Preference Share Valuation Date will be such Scheduled Observation

Date][, subject to adjustment in accordance with N&C Security Condition 6.1]

23.4 Valuation Time: [5.00 p.m. (London time)] [*insert other*]

23.5 Final Reference Date: [*insert number of Business Days, which should between 2 and no more than 8*] Business Days following the Preference Share Valuation Date

24. Early Redemption:

24.1 Specified Early Redemption Events: [Applicable]/[Not Applicable]

(a) Issuer Illegality Call: [Applicable]/[Not Applicable]

(b) Issuer Tax Call: [Applicable]/[Not Applicable]

(c) Issuer Regulatory Call: [Applicable]/[Not Applicable]

24.2 Events of Default: [Applicable]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE N&C SECURITIES

25. Form of N&C Securities:

25.1 Form: [Bearer N&C Securities:

[Temporary Bearer Global N&C Security exchangeable for a Permanent Bearer Global N&C Security which is exchangeable for definitive Bearer N&C Securities [on 60 days' notice/only upon an Exchange Event]].

[Temporary Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities on and after the Exchange Date.]

[Permanent Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities [on 60 days' notice/only upon an Exchange Event]].

(*Ensure that this is consistent with the wording in the "Form of the N&C Securities" section in the Base Prospectus and the N&C Securities themselves. (N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the N&C Securities in paragraph 6 includes language substantially to the following effect*:

"[£100,000] and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No N&C Securities in definitive form will be

issued with a denomination above [£199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a Temporary Bearer Global N&C Security exchangeable for Definitive N&C Securities.))

[Immobilised Bearer N&C Securities:

[Permanently Restricted Global N&C Security held by the Book-Entry Depositary and CDIs registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]]

(*Permanently Restricted Global N&C Security to be used for securities which are to be represented by CREST Depository Interests*)

[CREST Depository Instruments:

CREST Depository Interests ("**CREST Depository Interests**") representing the N&C Securities may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**").]

	25.2 New Global Note:	[Yes] / [No]
26.	Additional Financial Centre(s):	London / [*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15.8, 16.3, 17.4 and 23.1 relate*)
27.	Payment Day Convention:	[Following] / [Modified Following] / [Preceding] (*NB: If no Payment Day Convention is specified, "Following" will apply*)
28.	Talons for future Coupons to be attached to Definitive Bearer N&C Securities:	[Yes as the N&C Securities have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made] / [No]
29.	Rounding Convention:	[Rounded up] / [Rounded down] / [Not Applicable]
30.	Calculation Agent:	[Santander UK plc 2 Triton Square

		Regent's Place London NW1 3AN United Kingdom] [*specify other, including address*]
31.	Specified N&C Securities:	[The N&C Securities are [not] Specified N&C Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the N&C Securities will be available from [*give name(s) and address(es) of Issuer contact*].]] [As at the date of these Final Terms, the Issuer has not determined whether the N&C Securities are Specified N&C Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified N&C Securities for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the N&C Securities.][12] (*The N&C Securities will not be Specified N&C Securities if they (i) are issued prior to 1 January 2023 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the N&C Securities reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to 1 January 2023 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after 1 January 2023, further analysis would be required*.]

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

[12] This formulation to be used if the Issuer has not made a determination regarding whether the N&C Securities are Specified Securities as of the date of the Final Terms.

PART B – OTHER INFORMATION

[*When completing this Part B prompts marked:*

* *should be deleted if minimum denomination is £100,000 or more (or its equivalent in the relevant currency as at the date of issue).*]

1. LISTING AND ADMISSION TO TRADING

1.1	Listing and admission to trading:	[Application [has been][is expected to be] made by the Issuer (or on its behalf) for the N&C Securities to be admitted to trading on the London Stock Exchange's main market and to be listed the Official List of the FCA with effect on or about [●] [the Issue Date].] [*Specify any other listing, if applicable*] (*Where documenting a fungible issue, indication must be given that the original N&C Securities are already admitted to trading*). [Not Applicable]

2. RATINGS

2.1	Ratings:	[None. Please note that as at the Issue Date it is not intended that this specific Series of N&C Securities will be rated.] [The N&C Securities to be issued [have been]/[are expected to be] rated [*insert rating*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]/[The following ratings reflect ratings assigned to N&C Securities of this type issued under the Programme generally.] [*Include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.] (*The above disclosure should reflect the rating specifically allocated to N&C Securities of the type being issued under the Programme generally, or, where the issue has been specifically rated, that rating*.)

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer [and any Authorised Offeror[s]], so far as the Issuer is aware, no person involved in the issue of the N&C Securities has an interest material to the offer. (*Amend as appropriate if there are other interests*)]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the UK Prospectus Regulation*)]

4. **REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

4.1	Reasons for the offer:	[General corporate purposes] [See "Use of Proceeds" in the Base Prospectus/*Give details*] (*See "Use of Proceeds" wording in Base Prospectus - if reasons for offer differ from what is disclosed in the Base Prospectus, give details.*)
4.2	Estimated net proceeds:	[●] (*If proceeds are intended for more than one use you will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses state amount and sources of other funding.*)
4.3	Estimated total expenses:	[●] (*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*)

5. **PERFORMANCE OF RATES - *Floating Rate N&C Securities Only***

Details of performance of [EURIBOR/Bank of England Base Rate/SONIA/€STR] rates can be obtained, [but not] free of charge, from [Reuters/Bloomberg/*give details of electronic means of obtaining the details of performance*].

6. **PERFORMANCE OF [[*IDENTIFY REFERENCE ITEM] / [FORMULA*]], EXPLANATION OF EFFECT ON VALUE OF INVESTMENT [AND OTHER INFORMATION CONCERNING [[*IDENTIFY REFERENCE ITEM*]/ [THE FORMULA]]] – *VARIABLE INTEREST RATE N&C SECURITIES***

[*If the interest is linked to one or more Reference Items such that Annex 17 of the Delegated Regulation (EU) 2019/980 as it forms part of domestic law by virtue of the EUWA applies, an example of how the value of the investment is affected by the value of the underlying may be included.*]

- [Need to include details of where past and future performance and volatility of the Reference Item can be obtained by electronic means and whether or not it can be obtained free of charge].
- [Where the underlying is an index, include the name of [the/each] index and details of where information about [the/each] index can be obtained.]
- [Where the underlying is a basket of underlyings, include details of the relevant weighting of each underlying in the basket.]

[(*When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the UK Prospectus Regulation.*)]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information].

7. **PERFORMANCE OF THE PREFERENCE SHARES, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND OTHER INFORMATION CONCERNING THE PREFERENCE SHARES**

The Company is a private company limited by shares and was incorporated under the Companies Act 2006 on 18 November 2015 (with registered number 9878451). The Company is governed by the laws of England and Wales and has its registered office at 2 Triton Square, Regent's Place, London NW1 3AN.

A copy of the Company's constitutional documents and the applicable terms and conditions of the class of Preference Shares (the "**Preference Share Terms and Conditions**") are available to investors in the N&C Securities on written request (free of charge) from the registered office of the Company at 2 Triton Square, Regent's Place, London NW1 3AN [and from the Distributor of the N&C Securities] on proof of identity as a N&C Securityholder. The performance of the Preference Shares is linked to the performance of [*insert details of relevant underlying reference item(s)*].

The Preference Share Terms and Conditions will provide that, unless otherwise redeemed or cancelled, the Preference Shares will be redeemable on their final redemption date at a defined amount as determined in accordance with the Preference Share Terms and Conditions.

Information on the Preference Shares (including past and further performance and volatility) is expected to be published on [●] or on such successor page or source as may be notified to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*).

8. **OPERATIONAL INFORMATION**

8.1	ISIN:	[●]
8.2	Common Code:	[●]
8.3	CFI :	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
8.4	FISN[13]:	[[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
8.5	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*] [The N&C Securities will also be eligible for CREST via the issue of CREST Depository Interests representing the N&C Securities]
8.6	Delivery:	Delivery [against/free of] payment

[13] Whilst technically not a requirement for admission to trading, market operators are required to provide CFI and FISN codes to the FCA or competent authorities/ESMA as part of their reference data/financial instrument reporting under various pieces of legislation (such as MiFIR and MAR, as onshored in the UK) and it is likely that stock exchanges will request these when the Final Terms are filed with them to admit a tranche of securities to market. "Not Applicable" should be specified where the Final Terms relates to an unlisted but Non-exempt Offer or the codes are not otherwise required and the "Not Available" option has been inserted as CFI and FISN codes may not always be available. The reference to the ANNA website (without the actual code) may be relevant if the parties are not sure that the code is correct or if a code has not been requested.

8.7	Names and addresses of additional Paying Agent(s) (if any):	[●] / [Not Applicable]
8.8	Deemed delivery of clearing system notice for the purposes of N&C Security Condition 13 (*Notices*):	Any notice delivered to N&C Securityholders through the clearing system will be deemed to have been given on the [second][business] day after the day on which it was given to [Euroclear] [and/,] [Clearstream, Luxembourg] [and/,] [*specify other*].
8.9	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the N&C Securities are intended upon issue to be deposited with [one of the international central securities depositories ("**ICSDs**") as common safekeeper][*specify other*] and does not necessarily mean that the N&C Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] (*If "Yes" is selected and the N&C Securities are deposited with an ICSD, the N&C Securities must be issued in NGN form.*) [No. [Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the N&C Securities are capable of meeting them the N&C Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the N&C Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
8.10	Governing law:	English

9. **DISTRIBUTION**

9.1	Method of distribution:		[Syndicated/Non-syndicated]
9.2	(a)	If syndicated, names of Managers:	[Not Applicable] / [*give names of each entity acting as underwriter to the issue on a firm commitment basis and names of each entity agreeing to place the issue without a firm commitment or on a "best efforts" basis, if such entities are not the same as the Managers*]

	(b) Date of Subscription Agreement:	[●]
	(c) Stabilisation Manager(s) (if any):	[Not Applicable] / [*give name*]
9.3	If non-syndicated, name of relevant Dealer:	[Not Applicable] / [*give name*] [In connection with the issue of any Tranche of N&C Securities, the relevant Dealer (if any) named as the stabilisation manager (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or Base Prospectus (as the case may be) (the "**Stabilisation Manager**") may over-allot N&C Securities (provided that, in the case of any Tranche of N&C Securities to be admitted to trading on the London Stock Exchange's main market and/or any other regulated market (within the meaning of FSMA) in the United Kingdom, the aggregate nominal amount of N&C Securities allotted does not exceed 105.00 per cent. of the aggregate nominal amount of the Tranche of N&C Securities) or effect transactions with a view to supporting the market price of the N&C Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Tranche of N&C Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of N&C Securities and 60 days after the date of the allotment of the Tranche of N&C Securities.]
9.4	U.S. Selling Restrictions:	The N&C Securities have not and will not be registered under the Securities Act. The N&C Securities are only for offer and sale outside the United States in offshore transactions to non-U.S. Persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. Person. Each initial purchaser of the N&C Securities and each subsequent purchaser or transferee of the N&C Securities shall be deemed to have agreed with the Issuer or the seller of such N&C Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such N&C Securities so purchased in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the

			account or benefit of, any U.S. Person and (ii) it is not purchasing any N&C Securities for the account or benefit of any U.S. Person. N&C Securities in bearer form 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. [Reg. S Compliance Category 2; TEFRA D / TEFRA C / TEFRA not applicable] (*NB. N&C Securities which will be represented by CREST Depository Interests to be TEFRA C and Immobilised Bearer Securities will be TEFRA not applicable*)
9.5	(a)	Public Offer:	[Applicable] [Not Applicable]. (*delete remaining sub-paragraph if not Applicable*)
	(b)	Offer Period	[*Specify date*] until [*specify date or a formulation such as "the Issue Date" or "the date which falls [●] Business Days thereafter"*] (*Consider walk-away rights if extending Offer Period beyond the Issue Date*)
	(c)	Financial intermediaries granted specific consent to use the Base Prospectus in accordance with the Conditions in it:	[*Insert names and addresses of financial intermediaries receiving consent (specific consent)*] [Not Applicable]
	(d)	General Consent:	[Applicable]/[Not Applicable]
	(e)	Other Authorised Offeror Terms:	[Not Applicable][*Add here any other Authorised Offeror Terms (Authorised Offeror Terms should only be included here where General Consent is applicable.)*] [(*N.B. Consider any UK regulatory requirements necessary to be fulfilled so as to be able to make a Public Offer where there is no exemption from the obligation under the FSMA to publish a prospectus. No such offers should be made in the UK until those requirements have been met*)]
9.6		Prohibition of Sales to EEA Retail Investors	[Not Applicable][Applicable [, other than with respect to offers of the N&C Securities in [*specify jurisdiction(s) for which a PRIIPs KID is being prepared in the EEA*] [during the period[s] [●] [●] [*repeat periods as necessary*]]]
9.7		Prohibition of Sales to UK Retail Investors	[Not Applicable][Applicable [, other than with respect to offers of the N&C Securities

in the United Kingdom [during the period[s] [●] [●] [*repeat periods as necessary*]]]]

10. **TERMS AND CONDITIONS OF THE OFFER***

[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) [The N&C Securities will be offered to the public in the United Kingdom in accordance with the arrangements listed below.]

10.1	Offer Price:	[Not Applicable][See 10.9 below][Issue Price]
10.2	[Conditions to which the offer is subject:]	[Not Applicable] / [*give details*] [Offers of the N&C Securities are conditional on their issue and are subject to such conditions as are set out in the [Distribution Agreement]. As between Dealers and their customers (including Authorised Offerors) or between Authorised Offerors and their customers, offers of the N&C Securities are further subject to such conditions as may be agreed between them and/or as is specified in any arrangements in place between them.]
10.3	[Description of the application process]:	[Not Applicable] / [*give details*]
10.4	[Details of the minimum and/or maximum amount of the application]:	[Not Applicable] / [*give details*]
10.5	[Description of possibility to reduce subscriptions and manner for refunding amounts paid in excess by applicants]:	[Not Applicable] / [*give details*]
10.6	[Details of the method and time limits for paying up and delivering the N&C Securities:]	[Not Applicable] / [*give details*] [*NB: Under normal circumstances, on the Issue Date, allocated N&C Securities will be made available to the Dealer(s) / Authorised Offerors in such account as may be held by them directly or indirectly at Euroclear or Clearstream. Luxembourg*.]
10.7	[Manner in and date on which results of the offer are to be made public:]	[Not Applicable] / [*give details*] [*If applicable (i) specify date on which the final size of the issue will be made public and (ii) insert specific details in respect of the method of publication (including, where relevant, details of any advertisements to be published)*.]
10.8	[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable] / [*give details*]
10.9	Indication of the expected price at which the N&C Securities will be	[Not Applicable] [The Issuer has offered and will sell the N&C Securities to the Dealer(s)

	offered or the method of determining the price and the process for its disclosure:	(and no one else) at the Issue Price. The Dealer(s) and Authorised Offerors will offer and sell the N&C Securities to their customers in accordance with the arrangements in place between each such Dealer and its customers (including the Authorised Offerors) or each such Authorised Offeror and its customers at the Issue Price.] [The Issue Price for the N&C Securities includes a number of costs including sale commissions and hedging related payments and may not be an accurate reflection of the market value of the N&C Securities as of the Issue Date. The price at which the N&C Securities may be sold in secondary market transactions may be significantly lower than the Issue Price as a result. Accordingly, investors should be prepared to hold the N&C Securities until maturity. The Issue Price for the N&C Securities includes an embedded commission which will be payable to one or more distributors for the N&C Securities. An investor should enquire of any distributor from which it purchases N&C Securities as to the level of commissions received by the distributor.] [*Other*]
10.10	[Process for notifying applicants of an amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable] / [*give details*] [Prospective N&C Securityholders will be notified by the relevant Dealer(s) and Authorised Offeror in accordance with the arrangements in place between such Dealer(s) or Authorised Offeror and its customers. Any dealings in the N&C Securities, which take place will be at the risk of the prospective N&C Securityholders.]
10.11	[Amount of any expenses and taxes charged to the subscriber or purchaser:]	[Not Applicable] / [*give details*] (*If the Issuer is subject to UK MiFIR and/or UK PRIIPS Regulation such that it is required to disclose information relating to costs and charges, also include that information*)
10.12	[Name(s) and address(es), to the extent known to the Issuer, of the placers in the United Kingdom]	[The Authorised Offerors are identified in 9.5 above.] / [None] / [*give details*] [The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution Agreement] [Programme Agreement][14]. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom

[14] Delete as applicable depending on whether syndicated trade or not.

	they sell, and/or otherwise make arrangements with, including the Authorised Offeror(s). The Issuer shall not be liable for any offers, sales or purchases of N&C Securities to persons (other than in respect of offers and sales to, and purchases of, N&C Securities by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement]), which are made by the Dealer(s) or Authorised Offeror(s) in accordance with the arrangements in place between any such Dealer or [any such][the] Authorised Offeror and its customers.]

11. UK BENCHMARKS REGULATION

UK Benchmarks Regulation: Article 29(2) statement on benchmarks:	[Not Applicable] [Applicable: Amounts payable under the N&C Securities are calculated by reference to [*insert name(s) of benchmark(s)*], which [is/are] provided by [*insert name(s) of the administrator(s) – if more than one, specify in relation to each relevant benchmark*]. [As at the date of these Final Terms, [*insert name(s) of the administrator(s)*] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA.] [*repeat as necessary*]]

SUMMARY OF THE N&C SECURITIES

[*Insert completed summary for the N&C Securities, unless minimum denomination is equal to or greater than GBP 100,000 (or its equivalent in another currency)*]

FORM OF THE N&C SECURITIES

Words and expressions defined in the "Terms and Conditions of the N&C Securities" shall have the same meanings in this Form of the N&C Securities.

Form of the N&C Securities

Other than in the case of Book-Entry Interests, CDIs (each as defined below) and Definitive Registered N&C Securities, the N&C Securities of each Series will initially be represented by a global security in bearer form, with or without interest coupons attached. In addition, interests in N&C Securities may only be offered and sold in offshore transactions in reliance on Regulation S under the Securities Act ("**Regulation S**") outside the United States to non-U.S. Persons and may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person and may not be legally or beneficially owned at any time by any U.S. Person. Any offer, sale, resale, trade, pledge, redemption, transfer or delivery of an interest in an N&C Security made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised. Interests in N&C Securities may not be legally or beneficially owned at any time by any U.S. Person and accordingly may only be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S.

Bearer N&C Securities

Each Tranche of Bearer N&C Securities will be initially represented by either a temporary bearer global N&C Security (a "**Temporary Bearer Global N&C Security**") or a permanent bearer global N&C Security (a "**Permanent Bearer Global N&C Security**" and, together with the Temporary Bearer Global N&C Security, the "**Bearer Global N&C Securities**") as indicated in the applicable Issue Terms of the N&C Securities, which, in either case, will:

(a) if the Bearer Global N&C Securities are intended to be issued in new global note ("**NGN**") form, as stated in the applicable Issue Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**"); or

(b) if the Bearer Global N&C Securities are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg, as the case may be.

Where the Global N&C Securities issued in respect of any Tranche are in NGN form, the applicable Issue Terms will also indicate whether such Global N&C Securities are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global N&C Securities are to be so held does not necessarily mean that the N&C Securities of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg, as indicated in the applicable Issue Terms.

In the case of each Tranche of N&C Securities in bearer form the relevant Issue Terms will specify whether U.S. Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA C**") or U.S. Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("**TEFRA D**") apply in relation to the N&C Securities, or if the N&C Securities do not have a maturity of more than one year, that TEFRA does not apply.

Whilst any Bearer N&C Security is represented by a Temporary Bearer Global N&C Security, payments of principal, interest (if any) and any other amount payable in respect of the N&C Securities due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global

N&C Security (if the Temporary Bearer Global N&C Security is not intended to be issued in NGN form) only to the extent that certification to the effect that the beneficial owners of interests in such Bearer N&C Security are not U.S. Persons or persons who have purchased for resale to any U.S. Person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent. If a Permanent Bearer Global N&C Security is issued directly (rather than exchanged from a Temporary Bearer Global N&C Security), then that issuance must, on the earlier of the date of the first payment of interest by the issuer or the date of delivery by the issuer of the obligation in definitive form, comply with the same certification requirements as a Temporary Bearer Global N&C Security, described above.

In respect of each Tranche of N&C Securities in respect of which a Temporary Bearer Global N&C Security is issued, on and after the date (the "**Exchange Date**") which is 40 days after the Temporary Bearer Global N&C Security is issued, interests in such Temporary Bearer Global N&C Security will be exchangeable (free of charge) upon a request as described therein for either:

(a) interests in a Permanent Bearer Global N&C Security of the same Series; or

(b) Definitive Bearer N&C Securities (as defined in the General Terms and Conditions of the N&C Securities) of the same Series (as defined in the General Terms and Conditions of the N&C Securities) with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Issue Terms and subject, in the case of Definitive Bearer N&C Securities, to such notice period as is specified in the applicable Issue Terms).

In each case such exchange shall be made against certification of non-U.S. beneficial ownership as described above, unless such certification has already been given. Purchasers in the United States and certain U.S. Persons will not be able to receive Definitive Bearer N&C Securities or interests in a Permanent Bearer Global N&C Security. The holder of a Temporary Bearer Global N&C Security will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due presentation and certification, exchange of the Temporary Bearer Global N&C Security for an interest in a Permanent Bearer Global N&C Security or for Definitive Bearer N&C Securities is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global N&C Security will be made through Euroclear and/or Clearstream, Luxembourg, as applicable, against presentation or surrender (as the case may be) of the Permanent Bearer Global N&C Security (if the Permanent Bearer Global N&C Security is not intended to be issued in NGN form) without any requirement for certification.

The applicable Issue Terms will specify that a Permanent Bearer Global N&C Security will be exchangeable (free of charge), in whole but not in part, for Definitive Bearer N&C Securities with, where applicable, receipts, interest coupons and talons attached upon either:

(a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg, as applicable, (acting on the instructions of any holder of an interest in such Permanent Bearer Global N&C Security) to the Principal Paying Agent, or

(b) only upon the occurrence of an Exchange Event (as defined below).

No Definitive Bearer N&C Securities will be sent by post or otherwise delivered to any location in the United States or its possessions in connection with such exchange.

For these purposes, "**Exchange Event**" means that:

(a) an Event of Default (as defined in N&C Security Condition 9 (*Events of Default*)) has occurred and is continuing;

(b) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the Issuer and the Principal Paying Agent is available; or

(c) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the N&C Securities represented by the Permanent Bearer Global N&C Security in definitive form.

The Issuer will promptly give notice to the N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, (acting on the instructions of any holder of an interest in such Permanent Bearer Global N&C Security) may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (3) above, the Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Global N&C Securities (other than Immobilised Bearer N&C Securities or Temporary Global N&C Securities), talons and interest coupons relating to such N&C Securities where TEFRA D is specified in the applicable Final Terms or Pricing Supplement, as the case may be:

"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."

N&C Securities which are represented by a Bearer Global N&C Security will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

If a Global Bearer N&C Security is exchangeable for a Definitive Bearer N&C Security at the option of the N&C Securityholders, the N&C Securities shall be tradeable only in principal amounts of at least the Specified Denomination (as defined in the General Terms and Conditions of the N&C Securities) (or if more than one Specified Denomination, the lowest Specified Denomination).

Immobilised Bearer N&C Securities

Interests in N&C Securities to be issued as bearer securities in immobilised form ("**Immobilised Bearer N&C Securities**") of certain issues that may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person will initially be represented by a global security in bearer form (a "**Permanently Restricted Global N&C Security**" or an "**Immobilised Bearer Global N&C Security**"). Any offer, sale, resale, trade, pledge, redemption, transfer or delivery of an interest in a Permanently Restricted Global N&C Security made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised. Interests in Permanently Restricted Global N&C Securities may not be legally or beneficially owned at any time by any U.S. Person and accordingly may only be offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S. Interests in a Permanently Restricted Global N&C Security may not be held otherwise than through Euroclear or Clearstream, Luxembourg, and such Permanently Restricted Global N&C Securities will bear a legend regarding such restrictions on transfer.

The Immobilised Bearer Global N&C Securities will initially be issued in bearer form, without interest coupons, and title thereto will pass by delivery. Pursuant to an N&C securities depositary agreement (such agreement as amended and/or supplemented and/or restated from time to time, the "**N&C Securities Depositary Agreement**") dated on or about the date of this Base Prospectus between the Issuer, Citibank, N.A., London Branch (the "**Book-Entry Depositary**"), Citibank, N.A., London Branch (the "**Custodian**") and Citigroup Global Markets Europe AG (the "**Registrar**"), the Immobilised Bearer Global N&C Securities of each Series will on issue be deposited with the Book-Entry Depositary and held by the Custodian on behalf of the Book-Entry Depositary. If any N&C Securities are issued as Immobilised Bearer Global N&C Securities, then the entire Series of which they form part will be issued as Immobilised Bearer Global N&C Securities.

In respect of Immobilised Bearer Global N&C Securities to be settled through Euroclear and/or Clearstream, Luxembourg ("**Permanently Restricted Immobilised Bearer Global N&C Securities**")

which are deposited with the Book-Entry Depositary, the Book-Entry Depositary will issue registered certificated depositary interests ("**CDIs**") to a common depositary for Euroclear and Clearstream, Luxembourg, or its nominee, and will record the CDIs in the books and records of the Registrar in the name of the common depositary or its nominee, as applicable. Ownership of interests in the Permanently Restricted Immobilised Bearer Global N&C Securities deposited with the Book-Entry Depositary (the "**Book-Entry Interests**") will be limited to persons with an account with Euroclear and/or Clearstream, Luxembourg or persons who may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be affected only through records maintained in book-entry form by Euroclear and/or Clearstream, Luxembourg and their participants.

Subject as set out below, the Book-Entry Interests will not be held in definitive form. Instead, Euroclear and/or Clearstream, Luxembourg (as applicable) will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Immobilised Bearer N&C Securities are in global form, holders of Book-Entry Interests will not be considered the owners or holders of such N&C Securities for any purpose.

Interests in an Immobilised Bearer Global N&C Security will be exchangeable (free of charge), in whole but not in part, for N&C Securities in definitive registered form without interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "**Exchange Event**" means:

(a) an Event of Default has occurred and is continuing;

(b) in the case of Immobilised Bearer N&C Securities registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Issuer has been notified that (x) either Euroclear or Clearstream, Luxembourg is unwilling or unable to continue to act as depositary for the N&C Securities and no alternative clearing system is available or (y) both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available;

(c) the Book-Entry Depositary is at any time unwilling or unable to continue as Book-Entry Depositary in respect of any Immobilised Bearer N&C Securities or its appointment as such under the N&C Securities Depositary Agreement is (or is to be) terminated and no successor is appointed by the Issuer within 90 days; or

(d) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the N&C Securities represented by the Global N&C Security in definitive registered form.

The Issuer will promptly give notice to N&C Securityholders in accordance with N&C Security Condition 13 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Immobilised Bearer Global N&C Security) may give notice to the Registrar (or request that the Principal Paying Agent does so) requesting exchange and, in the event of the occurrence of an Exchange Event as described in (v) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In such an event, the Issuer (or the Registrar on behalf of the Issuer) will exchange the Book-Entry Interests in the relevant Immobilised Bearer Global N&C Security for N&C Securities in definitive form, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear and/or Clearstream, Luxembourg, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and which may bear a restrictive legend unless such legend is not required by applicable law.

To the extent permitted by law, the Issuer, the Principal Paying Agent and the Registrar shall be entitled to treat the holder of any N&C Security as the absolute owner thereof.

Transfer of Interests

Pursuant to the N&C Securities Depositary Agreement, the Immobilised Bearer Global N&C Securities may be transferred only to a successor to the relevant Book-Entry Depositary.

Unless and until Book-Entry Interests are exchanged for N&C Securities in definitive registered form, the CDIs held for the common depositary for Euroclear and Clearstream, Luxembourg may not be transferred except as a whole to a nominee or a successor approved by the Issuer.

All transfers of Book-Entry Interests between participants in Euroclear or participants in Clearstream, Luxembourg will be effected by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream, Luxembourg and their respective participants.

Book-Entry Interests in an Immobilised Bearer Global N&C Security may be exchanged for N&C Securities in definitive registered form upon receipt by the Registrar of instructions from the Principal Paying Agent. It is expected that such instructions of the Principal Paying Agent will be based upon directions received by Euroclear or Clearstream, Luxembourg, as applicable, from the participant which owns the relevant Book-Entry Interests. N&C Securities in a definitive registered form issued in exchange for a Book-Entry Interest will be subject to certain restrictions and will bear the legend provided for in the Agency Agreement and N&C Securities Depositary Agreement.

N&C Securities may not be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, a U.S. Person, and any offer, sale, resale, trade, pledge, redemption, transfer or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised.

Immobilised Bearer N&C Securities are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions. See "*Subscription and Sale*".

General

Pursuant to the Agency Agreement (as defined under the General Terms and Conditions of the N&C Securities), the Principal Paying Agent shall arrange that, where a further Tranche of N&C Securities is issued which is intended to form a single Series with an existing Tranche of N&C Securities at a point after the Issue Date of the further Tranche, the N&C Securities of such further Tranche shall be assigned a common code and ISIN and, where applicable, a CUSIP and CINS number which are different from the common code, ISIN, CUSIP and CINS assigned to N&C Securities of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of any applicable period that by law or regulation would require such N&C Securities of such Tranche not to be fungible.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Issue Terms or, in the case of Exempt N&C Securities as may otherwise be approved by the Issuer and the Principal Paying Agent, as the case may be.

An N&C Security may be accelerated by the holder thereof in certain circumstances described in N&C Security Condition 10. In such circumstances, where any N&C Security is still represented by a Global N&C Security and the Global N&C Security (or any part thereof) has become due and repayable in accordance with the General Terms and Conditions of the N&C Securities and payment in full of the amount due has not been made in accordance with the provisions of the Global N&C Security then from 8.00 p.m. (London time) on such day holders of interests in such Global N&C Security credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the "**Deed of Covenant**") dated 8 August 2017 and executed by the Issuer.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, except in relation to N&C Securities issued in NGN form, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Issue Terms.

Any reference herein to the common depositary, depositary or, as applicable, common safekeeper shall, whenever the context so permits, be deemed to include references to any successor common depositary, depositary or, as applicable, common safekeeper or any additional or alternative common depositary, depositary or, as applicable, common safekeeper as is approved by the Issuer and the Principal Paying Agent and the Registrar.

Any reference herein to the nominee or, as applicable, common nominee shall, whenever the context so permits, be deemed to include references to any successor nominee or, as applicable, common nominee or any additional or alternative nominee or, as applicable, common nominee as is approved by the Issuer, the Principal Paying Agent and the Registrar.

The Issuer may agree with any Dealer that N&C Securities may be issued in a form not contemplated by the Conditions, in which event, other than where such N&C Securities are Exempt N&C Securities, a supplement to this base prospectus or a new prospectus or prospectus will be made available which will describe the effect of the agreement reached in relation to such N&C Securities.

USE OF PROCEEDS

The net proceeds from each issue of N&C Securities will be applied by the Issuer for its general corporate purposes. If, in respect of an issue, there is a particular identified use of proceeds, this will be stated in the applicable Issue Terms.

BOOK-ENTRY CLEARANCE SYSTEMS AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear and Clearstream, Luxembourg (together, the "**Clearance Systems**") currently in effect. The information in this section concerning the Clearance Systems has been obtained from sources that the Issuer believes to be reliable. The Issuer accepts responsibility for the information contained in this section. The Issuer confirms that the information contained in this section has been accurately reproduced as far as the Issuer is aware and is able to ascertain from information published by the above sources, and that no facts have been omitted which would render the reproduced information inaccurate or misleading. Investors wishing to use the facilities of any of the Clearance Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearance System. None of the Issuer, the Dealers and the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the N&C Securities held through the facilities of any Clearance System or for maintaining, supervising or reviewing any records or payments relating to such beneficial ownership interests.*

Book-entry Systems

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Immobilised Bearer Global N&C Securities

Payments of any amounts owing in respect of Immobilised Bearer Global N&C Securities (including principal and interest, if any) will be made by the Issuer in the Specified Currency to the relevant Paying Agent. The relevant Paying Agent will, in turn, make such payments to or to the order of the Book-Entry Depositary in its capacity as bearer of the relevant Immobilised Bearer Global N&C Securities. Upon receipt of such amounts, the Book-Entry Depositary will pay the amounts so received to the common depositary for Euroclear and Clearstream, Luxembourg, as applicable, which will distribute payments to participants in accordance with their procedures, as detailed above.

The Issuer will treat the bearer of the Immobilised Bearer Global N&C Securities as the owner thereof for the purposes of receiving payments and for all other purposes. None of the Issuer, the Book-Entry Depositary or any agent of the Issuer has or will have any responsibility or liability for:

(a) any aspect of the records of Euroclear, Clearstream, Luxembourg or any direct or indirect participant relating to, or payments made on account of, a Book-Entry Interest in any Immobilised Bearer Global N&C Securities or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream, Luxembourg or any direct or indirect participant relating to, or payments made on account of, a Book-Entry Interest in any Immobilised Bearer Global N&C Securities; or

(b) Euroclear, Clearstream, Luxembourg or any direct or indirect participant.

Transfers of N&C Securities Represented by Global N&C Securities

Transfers of any interests in N&C Securities represented by a Global N&C Security or a CDI within Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and

operating procedures of the relevant Clearance System and, in the case of CDIs, in accordance with the provisions of the N&C Securities Depositary Agreement.

On or after the Issue Date for any Series, transfers of N&C Securities of such Series between accountholders in Euroclear and Clearstream, Luxembourg will generally have a settlement date three business days after the trade date. The customary arrangements for delivery versus payment will apply to such transfers.

Euroclear and Clearstream, Luxembourg have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global N&C Securities in bearer form among participants and accountholders of Euroclear and Clearstream, Luxembourg. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuer, the Agents or any Dealer will be responsible for any performance by Euroclear or Clearstream, Luxembourg or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the N&C Securities represented by Global N&C Securities in bearer form or for maintaining, supervising or reviewing any records relating to such beneficial interests.

The Issuer will not be responsible for the operation of the clearing arrangements which is a matter for the clearing institutions, their nominees, their participants and the investors.

Euroclear UK & Ireland Limited

Following their delivery into a clearing system, interests in N&C Securities may be delivered, held and settled in Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) ("**CREST**") by means of the creation of dematerialised depository Interests ("**CREST Depository Interests**") representing the interests in the relevant N&C Securities ("**Underlying Securities**"). Such delivery, holding and settlement is governed, *inter alia*, by the terms of the CREST Manual issued by CREST dated 1 September 2015 (as the same may be amended, modified, varied or supplemented from time to time, the "**CREST Manual**"). The CREST Depository Interests will be issued by CREST Depository Limited or any successor thereto (the "**CREST Depository**") to holders of the CREST Depository Interests and will be constituted and governed by English law. CREST International Nominees Limited or another entity appointed to act as nominee in accordance with the CREST Deed Poll (as defined below) (the "**CREST Nominee**") will hold the legal title to the Underlying Securities and the direct enforcement right in respect of the Underlying Securities.

The CREST Depository Interests will represent indirect interests in the interest of the CREST Nominee in the Underlying Securities. Pursuant to the CREST Manual, N&C Securities held in global form by the Common Depositary may be settled through CREST, and the CREST Depository will issue CREST Depository Interests. The CREST Depository Interests will be independent securities which may be held and transferred through CREST.

Interests in the Underlying Securities will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CREST Depository Interests to the relevant CREST participants.

Each CREST Depository Interest will be treated by the CREST Depository as if it were one Underlying Security, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to holders of CREST Depository Interests any interest or other amounts received by it as holder of the Underlying Securities on trust for such holder. Holders of CREST Depository Interests will also be able to receive from CREST notices of meetings of holders of Underlying Securities and other relevant notices issued by the Issuer.

Transfers of interests in Underlying Securities by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CREST Depository Interests and transfer of an interest in such N&C Securities underlying the CREST Depository Interests to the account of the relevant participant with Euroclear or Clearstream, Luxembourg. The CREST Depository Interests will have the same ISIN as the ISIN of the Underlying Securities and will not require a separate listing on the Official List of the FCA.

Holders of CREST Depository Interests are referred to Chapter 8 of the CREST International Manual (as contained in the CREST Manual) which contains the form of the CREST Deed Poll to be entered into by the CREST Depository (the "**CREST Deed Poll**"). The rights of the holder of CREST Depository Interests will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer including the CREST Deed Poll executed by the CREST Depository. These rights may be different from those of holders of N&C Securities which are not represented by CREST Depository Interests.

If issued, CREST Depository Interests will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CREST Depository Interests by means of the CREST International Settlement Links Service has the following consequences for holders of CREST Depository Interests:

(a) holders of CREST Depository Interests will not be the legal owners of the Underlying Securities. The CREST Depository Interests are separate legal instruments from the Underlying Securities to which they relate and represent an indirect interest in such Underlying Securities;

(b) the Underlying Securities themselves (as distinct from the CREST Depository Interests representing indirect interests in such Underlying Securities) will be held in an account with a custodian. The custodian will hold the Underlying Securities through a clearing system. Rights in the Underlying Securities will be held through custodial and depositary links through the appropriate clearing systems. The legal title to the Underlying Securities or to interests in the Underlying Securities will depend on the rules of the clearing system in or through which the Underlying Securities are held;

(c) rights under the Underlying Securities cannot be enforced by holders of CREST Depository Interests except indirectly through the intermediary depositaries and custodians described above. The enforcement of rights under the Underlying Securities will therefore be subject to the local law of the relevant intermediary. The rights of holders of CREST Depository Interests to the Underlying Securities are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Underlying Securities. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Underlying Securities in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Underlying Securities held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries;

(d) the CREST Depository Interests issued to holders of CREST Depository Interests will be constituted and issued pursuant to the CREST Deed Poll. Holders of CREST Depository Interests will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual and the CREST Rules applicable to the CREST International Settlement Links Service (in each case as contained in the CREST Manual) and such holders must comply in full with all obligations imposed on them by such provisions;

(e) the provisions of the CREST Deed Poll and the CREST Manual (including for the avoidance of doubt the provisions of the CREST International Manual and the CREST Rules) contain indemnities, warranties, representations and undertakings to be given by holders of CREST Depository Interests and limitations on the liability of the issuer of the CREST Depository Interests, the CREST Depository;

(f) holders of CREST Depository Interests may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of holders is drawn to the terms of the CREST Deed Poll and the CREST Manual (including for the avoidance of doubt the provisions of the CREST International Manual and the CREST Rules), copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at: https://www.euroclear.com/en.html;

(g) holders of CREST Depository Interests may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement

Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the N&C Securities through the CREST International Settlement Links Service;

(h) neither the Issuer, the Dealer nor any Paying Agent will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations; and

(i) N&C Securities issued in temporary global form exchangeable for a Permanent Global Bearer N&C Security will not be eligible for CREST settlement as CREST Depository Interests. As such, investors investing in the Underlying Securities through CREST Depository Interests will only receive the CREST Depository Interests after such Temporary Bearer Global N&C Security is exchanged for a Permanent Bearer Global N&C Security, which could take up to 40 days after the issue of the N&C Securities.

DESCRIPTION OF THE PREFERENCE SHARE ISSUER

1. General

Santander UK (Structured Solutions) Limited (the "**Preference Share Company**" or the "**Preference Share Issuer**") was established as a private company limited by shares under the Companies Act 2006 on 18 November 2015 (with registered number 9878451). The Preference Share Company has its registered office at 2 Triton Square, Regent's Place, London NW1 3AN.

Each Series of N&C Securities will give exposure to the performance of a separate class of Preference Shares that, in turn, give exposure to one or more Preference Share Underlying(s). It is expected that the Preference Share Issuer will issue a single Preference Share of the relevant class that will remain outstanding as a reference asset for the corresponding Series of N&C Securities until its scheduled redemption date. The Preference Shares will not be available for subscription or offered to any investors.

2. Principal Activities of the Preference Share Issuer

The sole business activity of the Preference Share Issuer is to issue redeemable preference shares. Accordingly, the Preference Share Issuer does not have any trading assets and does not generate any significant net income.

3. Constitutional Documents

A copy of the Preference Share Issuer's constitutional documents and the applicable terms and conditions of the respective class of Preference Shares are available to investors in the N&C Securities on written request (free of charge) from the registered office of the Preference Share Issuer at 2 Triton Square, Regent's Place, London NW1 3AN on proof of identity as a N&C Securityholder.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the N&C Securities. Prospective N&C Securityholders who may be unsure as to their tax position should seek their own professional advice.

1. United Kingdom Taxation

*The following applies only to persons who are the beneficial owners of N&C Securities and is a summary of the Issuer's understanding of current law and published HM Revenue and Customs ("**HMRC**") practice in the United Kingdom relating only to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective N&C Securityholders depends on their individual circumstances and may be subject to change in the future.*

Investors who are resident in the United Kingdom or who will otherwise be within the scope to United Kingdom tax in respect of the N&C Securities should note that some N&C Securities linked to Preference Shares may qualify as "excluded indexed securities" within the meaning of section 433 of the Income Tax (Trading and Other Income) Act 2005.

An N&C Security may qualify as an "excluded indexed security" if the amount payable on redemption is determined by applying to the amount for which the security was issued the percentage change (if any) over the security's redemption period in the value of chargeable assets of a particular description.

The Issuer expects that the Preference Shares will be "chargeable assets" for these purposes. Whether or not any particular series of N&C Securities linked to Preference Shares will qualify as "excluded indexed securities" will therefore generally depend on whether for United Kingdom tax purposes they are treated as redeeming for an amount equal to their Issue Price increased or decreased (as relevant) by the percentage change in the value of the Preference Shares over their redemption period.

Investors should note that profits or gains made on a disposal or redemption of "excluded indexed securities" held for investment purposes are, subject to the points raised at risk factor 16 entitled '*Risks associated with taxation*', normally subject to capital gains tax though in certain circumstances can be brought within the charge to UK income tax. Any interest paid on any N&C Securities will be subject to income tax rather than capital gains tax. Profits and gains made on a disposal or redemption of N&C Securities that do not qualify as "excluded indexed securities" would normally be subject to income tax

The Issuer and its Affiliates cannot advise investors on the proper classification of the N&C Securities or any series of N&C Securities. Prior to purchasing the N&C Securities, investors should discuss with their professional advisers how such purchase would or could affect them. Investors with any questions regarding whether any N&C Securities qualify as "excluded indexed securities" or otherwise regarding the impact of an investment in the N&C Securities on their tax position should consult their tax advisers. Neither the Issuer nor any of its Affiliates provides tax or legal advice.

Withholding on payments

Payments other than those constituting interest should not be subject to withholding for or on account of UK tax.

Where the Issuer makes a payment of interest on the N&C Securities, then it may do so without deduction of or withholding on account of United Kingdom income tax provided that: (a) the Issuer is and continues to be a bank within the meaning of section 991 of the Income Tax Act 2007; and (b) the interest on the relevant N&C Securities is and continues to be paid in the ordinary course of the Issuer's business within the meaning of section 878 Income Tax Act 2007. In other cases tax may, subject to any other available exemptions or reliefs, have to be withheld from payments of interest on the N&C Securities. Where United Kingdom tax is withheld, the rate is the "basic rate" of income tax (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the relevant Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

For the purposes of this section "interest" has the meaning it takes for UK tax law.

2. **U.S. Dividend Equivalent Withholding**

Section 871(m) of the U.S. Internal Revenue Code of 1986 (the "**Code**") treats a "dividend equivalent" payment as a dividend from sources within the United States that is generally subject to a 30 per cent. U.S. withholding tax. A "dividend equivalent" payment is (i) a substitute dividend payment made pursuant to a securities lending or a sale-repurchase transaction that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, (ii) a payment made pursuant to a "specified notional principal contract" or a "specified equity-linked instrument" that (directly or indirectly) is contingent upon, or determined by reference to, the payment of a dividend from sources within the United States, and (iii) any other payment determined by the U.S. Internal Revenue Service ("**IRS**") to be substantially similar to a payment described in (i) and (ii). U.S. Treasury regulations issued under Section 871(m) and applicable guidance (the "**Section 871(m) Regulations**") require withholding on certain non-U.S. holders of the N&C Securities with respect to amounts treated as dividend equivalent payments. Under the Section 871(m) Regulations, only a N&C Security that has an expected economic return sufficiently similar to that of the underlying U.S. security, based on tests set forth in the Section 871(m) Regulations, will be subject to the Section 871(m) withholding regime (making such N&C Security a "**Specified N&C Security**"). Certain exceptions to this withholding requirement apply, in particular for instruments linked to certain broad-based indices.

Withholding in respect of dividend equivalents will generally be required when cash payments are made on, or upon the date of maturity, lapse or other disposition of the Specified Security. If the underlying U.S. security or securities are expected to pay dividends during the term of the Specified Security, withholding generally will still be required even if the Specified N&C Security does not provide for payments explicitly linked to dividends. Additionally, the Issuer or a withholding agent may withhold the full 30 per cent. tax on any payment on the N&C Securities in respect of any dividend equivalent arising with respect to such N&C Securities regardless of any exemption from, or reduction in, such withholding otherwise available under applicable law (including, for the avoidance of doubt, where a non-U.S. holder is eligible for a reduced tax rate under an applicable tax treaty with the United States). A non-U.S. holder may be able to claim a refund of any excess withholding provided the required information is timely furnished to the U.S. Internal Revenue Service. Refund claims are subject to U.S. tax law requirements and there can be no assurance that a particular refund claim will be timely paid or paid at all. Among other things, a non-U.S. holder may not receive the necessary information to properly claim a refund for excess withholding taxes remitted in respect of its N&C Security for purposes of claiming a refund. In addition, a non-U.S. holder's resident tax jurisdiction may not permit the holder to take a credit for U.S. withholding taxes related to the dividend equivalent amount. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld.

The Section 871(m) Regulations generally apply to Specified N&C Securities issued on or after 1 January 2017. If the terms of a N&C Security are subject to a "significant modification" (as defined for U.S. tax purposes) the N&C Security generally would be treated as retired and reissued on the date of such modification for the purposes of determining, based on economic conditions in effect at that time, whether such N&C Security is a Specified Security. Similarly, if additional N&C Securities of the same series are issued (or deemed issued for U.S. tax purposes, such as certain sales of N&C Securities out of inventory) after the original issue date, the IRS could treat the issue date for determining whether the existing N&C Securities are Specified N&C Securities as the date of such subsequent sale or issuance. Consequently, a previously out of scope N&C Security, might be treated as a Specified N&C Security following such modification or further issuance.

In addition, payments on the Specified N&C Securities may be calculated by reference to dividends on underlying U.S. securities that are reinvested at a rate of 70 per cent. In such case, in calculating the relevant payment amount, the holder will be deemed to receive, and the Issuer will be deemed to withhold, 30 per cent. of any dividend equivalent payments (as defined in Section 871(m) of the Code) in respect of the relevant U.S. securities. The Issuer will not pay any additional amounts to the holder on account of the Section 871(m) amount deemed withheld.

The applicable Issue Terms will indicate whether the Issuer has determined that N&C Securities are Specified N&C Securities and may specify contact details for obtaining additional information regarding the application of Section 871(m) to such N&C Securities. A non-U.S. holder of Specified N&C

Securities should expect to be subject to withholding in respect of any underlying dividend-paying U.S. securities. The Issuer's determination is binding on non-U.S. holders of N&C Securities, but it is not binding on the IRS. The Section 871(m) Regulations require complex calculations to be made with respect to N&C Securities linked to U.S. securities and their application to a specific issue of N&C Securities may be uncertain.

Potential investors should note that a N&C Security that in isolation is not a Specified N&C Security may nonetheless be subject to Section 871(m) tax if a non-U.S. holder has engaged, or engages, in other transactions in respect of a U.S. security or component of an index in connection with the N&C Security. A non-U.S. holder that enters, or has entered, into other transactions in respect of a U.S. security, component of an underlying index, or the N&C Securities should consult its own tax advisor regarding the application of Section 871(m) to the N&C Securities and such other transactions.

Prospective investors should consult their tax advisers regarding the potential application of Section 871(m) to the N&C Securities.

3. **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the Code, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments, including principal and gross proceeds, it makes to persons that fail to meet certain certification, reporting or related requirements. The Issuer has registered with the U.S. Internal Revenue Service as a reporting foreign financial institution for these purposes.

A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the N&C Securities are uncertain and may be subject to change.

Withholding may apply pursuant to FATCA or an IGA with respect to payments on N&C Securities treated as Specified N&C Securities for purposes of Section 871(m) as described under "*U.S. Dividend Equivalent Withholding*" above. For N&C Securities that are not treated as Specified N&C Securities, withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are filed with the U.S. Federal Register and N&C Securities issued on or prior to the date that is six months after the date on which such final regulations are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer or change in terms) and/or characterised as equity for U.S. tax purposes. However, if additional N&C Securities (as described under "*General Terms and Conditions of the N&C Securities – Further Issues*") that are not distinguishable from previously issued N&C Securities are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all such N&C Securities, including those N&C Securities offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

The effective date for withholding on "foreign passthru payments" above reflects proposed U.S. Treasury regulations ("**Proposed FATCA Regulations**"). The Proposed FATCA Regulations also eliminate FATCA withholding on gross proceeds from the disposition of, or final payments, redemptions, or other principal payments made in respect of, an instrument that may produce U.S. source interest or dividends. The discussion above assumes that the Proposed FATCA Regulations will be finalised in their current form.

Holders should consult their own tax advisors regarding how these rules may apply to their investment in the N&C Securities. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the N&C Securities, no person will be required to pay additional amounts as a result of the withholding.

IMPORTANT NOTICE TO PURCHASERS AND TRANSFEREES OF N&C SECURITIES

The N&C Securities have not been and will not be registered under the Securities Act or any applicable state securities laws of any state or other jurisdiction of the United States. Trading in the N&C Securities has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") under the United States Commodity Exchange Act of 1936, as amended (the "**CEA**"). No N&C Securities, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person.

Offers, sales, resales or deliveries of the N&C Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or any applicable state securities laws or pursuant to an exemption therefrom. In addition, in the absence of relief from the CFTC, offers, sales, resales, transfers, pledges or deliveries of the N&C Securities, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. Persons, may constitute a violation of United States law governing commodities trading.

As used herein, "**United States**" means the United States of America (including the states and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. Person**" means (i) a "U.S. person" as defined in Regulation S under the Securities Act ("**Regulation S**"), (ii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") (including but not limited to a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA and a person other than a "Non-United States person" as defined in CFTC Rule 4.7(a)(1)(iv) excluding for the purposes of CFTC rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not "Non-United States persons"), or (iii) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**").

Notice to Purchasers and Holders of Restricted N&C Securities and Transfer Restrictions

Each purchaser of the N&C Securities will, by its purchase of the N&C Securities, be deemed to acknowledge, represent and agree as follows:

(a) that trading in the N&C Securities has not been and will not be approved by the CFTC under the CEA;

(b) that it will not at any time offer, sell, resell, trade, pledge, redeem, transfer or deliver, directly or indirectly, any N&C Securities so purchased in the United States or to, or for the account or benefit of, any U.S. Person or to others for offer, sale, resale, trade, pledge, redemption, transfer or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any person who is a U.S. Person;

(c) that it is not purchasing any N&C Securities for the account or benefit of any U.S. Person;

(d) that it will not make offers, sales, resales, trades, pledges, redemptions, transfers or deliveries of any N&C Securities (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any person who is a U.S. Person;

(e) that it will send each Person who purchases N&C Securities from it a written confirmation (which shall include the definitions of United States and U.S. Person set forth herein) stating that the N&C Securities have not been and will not be registered under the Securities Act under the securities laws of any state or other jurisdiction of the United States, that trading in the N&C Securities has not been approved by the CFTC under the CEA and stating that such purchaser agrees that it will not at any time offer, sell, resell, trade, pledge, redeem, transfer or deliver any of such N&C Securities, directly or indirectly, in the United States or to, or for the account or benefit of, any person who is a U.S. Person; and

(f) that no U.S. Person or person in the United States may at any time trade or maintain a position in the N&C Securities.

SUBSCRIPTION AND SALE

The Dealers have in a Programme Agreement (such Programme Agreement as modified and/or supplemented and/or restated from time to time, the "**Programme Agreement**") dated 19 March 2021 agreed with the Issuer a basis upon which the Issuer may from time to time agree to issue N&C Securities. Any such agreement will extend to those matters stated under "*Form of the N&C Securities*" and "*General Terms and Conditions of the N&C Securities*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the issue of N&C Securities under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. The price and amount of N&C Securities to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions. The N&C Securities 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 Programme Agreement also provides for N&C Securities to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers. If a Tranche of N&C Securities is syndicated, the details of such syndication will be specified in the applicable Final Terms or, in the case of Exempt N&C Securities, Pricing Supplement.

In connection with the issue of any Tranche of N&C Securities, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms or, in the case of Exempt N&C Securities, Pricing Supplement may over-allot (provided that, in the case of any Tranche of N&C Securities to be admitted to trading on a regulated market in the United Kingdom, the aggregate principal amount of N&C Securities allotted does not exceed 105.00 per cent. of the aggregate principal amount of the relevant Tranche) or effect transactions with a view to supporting the market price of the N&C Securities of the Series (as defined below) of which such Tranche forms part at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of N&C Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of N&C Securities and 60 days after the date of the allotment of the relevant Tranche of N&C Securities.

SELLING RESTRICTIONS

1. United States of America

The N&C Securities 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 (as defined below). Except as otherwise provided, terms used in the preceding sentence have the meanings given to them by Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**").

A U.S. Person means (i) a "U.S. person" as defined in Regulation S under the Securities Act, (ii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the "**CEA**") (including but not limited to a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA and a person other than a "Non-United States person" as defined in CFTC Rule 4.7(a)(1)(iv) excluding for the purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified persons who are not "Non-United States persons"), or (iii) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**").

N&C Securities in bearer form 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 U.S. Persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme Agreement will be required to agree, that except as permitted by the Programme Agreement: (a) it has not offered, sold or delivered N&C Securities and it will not offer, sell or deliver N&C Securities as part of their distribution

at any time within the United States or to, or for the account or benefit of U.S. Persons and only in accordance with Rule 903 of Regulation S, and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases N&C Securities from it or through it a confirmation or notice setting forth the restrictions on offers and sales of the N&C Securities within the United States or to or for the account or benefit of U.S. Persons.

The N&C Securities may not at any time be offered, sold, resold traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person and may not be legally or beneficially owned at any time by any U.S. Person. Accordingly, N&C Securities may only be offered and sold in offshore transactions outside the United States to persons that are not U.S. Persons pursuant to Regulation S. Any offer, sale, resale, trade, pledge, redemption, transfer or delivery of N&C Securities made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person will not be recognised.

Except as otherwise provided, terms used in this United States sub-section of "*Selling Restrictions*" have the meanings given to them by Regulation S.

In addition, until 40 days after the completion of the distribution of all N&C Securities comprising any Tranche, an offer or sale of N&C Securities within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Exempt N&C Securities shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance of such N&C Securities, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

2. **European Economic Area**

Prohibition of Sales to EEA Retail Investors

Unless the Issue Terms in respect of the relevant N&C Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any N&C Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to any retail investor in the European Economic Area.

For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

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

  (iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the N&C Securities to be offered so as to enable an investor to decide to purchase or subscribe for the N&C Securities.

If the Issue Terms in respect of the relevant N&C Securities specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Member State**" each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of N&C Securities which are the subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to the public in that Member State, except that it may make an offer of N&C Securities to the public in that Member State:

(a) if the Issue Terms in relation to the N&C Securities specify that an offer of those N&C Securities may be made other than pursuant to Article 1(4) of the EU Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such N&C Securities which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, provided that any such prospectus has subsequently been completed by the Issue Terms contemplating such Non-exempt Offer, in accordance with the EU Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purposes of that Non-exempt Offer; or

(b) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation; or

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of N&C Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation, or a supplement to a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression:

- an "**offer of N&C Securities to the public**" in relation to any N&C Securities in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the N&C Securities to be offered so as to enable an investor to decide to purchase or subscribe for the N&C Securities;

- the expression "**EU Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended.

3. **United Kingdom**

Prohibition of sales to UK Retail Investors

Unless the Issue Terms in respect of an N&C Securities specifies the "Prohibition of Sales to "UK Retain Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any N&C Securities which are subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 of the United Kingdom (as amended, the "**EUWA**"); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 of the United Kingdom (as amended, the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

  (iii) not qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the N&C Securities to be offered so as to enable an investor to decide to purchase or subscribe for the N&C Securities.

If the Issue Terms in respect of any N&C Securities specified "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Manager has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of N&C Securities which are subject of the offering contemplated by this Base Prospectus as completed by the Issue Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such N&C Securities to the public in the United Kingdom:

(a) if the Issue Terms in relation to the N&C Securities specify that an offer of those N&C Securities may be made other than pursuant to section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such N&C Securities which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of N&C Securities referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of securities to the public**" in relation to any N&C Securities means the communication in any form and by any means of sufficient information on the terms of the offer and the securities to be offered so as to enable an investor to decide to purchase or subscribe for the N&C Securities and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA and regulations made thereunder.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represented and agree, that:

(a) *Financial Promotion*: it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any N&C Securities in circumstances in which section 21(1) of the FSMA would not, if it was not an authorised person, apply to the Issuer; and

(b) *General Compliance*: it has been complied and will comply with all applicable provisions of the FSMA and Financial Conduct Authority Handbook with respect to anything done by it in relation to any N&C Securities in, from or otherwise involving the United Kingdom.

4. **General**

The Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, with the Issuer that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver N&C Securities and that it will not, directly or indirectly, offer, sell or deliver N&C Securities or distribute or publish this document, any prospectus, circular, advertisement or other offering material (including, without limitation, any supplement to this document) in relation to the N&C Securities in or from any country of jurisdiction except under circumstances that will to best of its knowledge and belief result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of N&C Securities by it will be made on the foregoing terms.

Neither the Issuer nor the Dealers represents by virtue of this Base Prospectus that N&C Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

The restrictions on offerings may be modified by the agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification will, in the case of Exempt N&C Securities, be set out in the applicable Pricing Supplement, applicable to each Series of N&C Securities or in a supplement to this document.

5. **Disclaimer**

As a result of the foregoing restrictions, purchasers of N&C Securities are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such N&C Securities.

Unless otherwise specified in the applicable Issue Terms, no offers, sales, re-sales or deliveries of any N&C Securities, or distribution of any offering material relating to any N&C Securities, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer or the Dealers.

GENERAL INFORMATION

1. Documents Available

For the period of 12 months from the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection at https://www.santander.co.uk/about-santander/investor-relations or, in the case of the documents listed at (a) below, on the website of Companies House at https://beta.companieshouse.gov.uk/ and in the case of the documents listed at (c) below, in physical form, during usual business hours on any weekday (Saturdays and public holidays excepted) at the registered office of the Issuer and at the specified offices of the Paying Agents:

(a) the articles of association of the Issuer and the special resolution dated 18 December 2009 of the Issuer (the "**Special Resolution**") and the memorandum of the Issuer (which must be read together with the relevant Special Resolution);

(b) the most recently published annual report and accounts containing the consolidated and non-consolidated audited annual financial statements and, if published later, the most recently published interim financial results (which are produced on a semi-annual basis) containing interim consolidated and non-consolidated financial statements (if any) and the most recently published and publicly available unaudited quarterly management statement (if any) (which are produced on a quarterly basis) of the Issuer, as the same may be amended from time to time;

(c) the Agency Agreement (which contains the forms of Global N&C Securities, N&C Securities in definitive form, Coupons and Talons), the N&C Securities Depository Agreement, the Deed of Covenant and Pricing Supplements (in the case of Exempt N&C Securities) (save that such documents will only be available for inspection by a relevant holder of N&C Securities and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of N&C Securities and its identity);

(d) this Base Prospectus;

(e) any supplements to this Base Prospectus and any other documents incorporated herein or therein by reference; and

(f) Final Terms.

2. Clearance Systems

The N&C Securities in bearer and registered form have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate Common Code and ISIN for each Tranche of Bearer N&C Securities allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms (or Pricing Supplement in the case of Exempt N&C Securities). If the N&C Securities are to clear through an additional or alternative clearance system the appropriate information will be specified in the applicable Final Terms or Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B.1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1855 Luxembourg. The address of CREST is Euroclear UK & Ireland Limited, 33 Cannon Street, London, EC4M 5SB.

3. Significant or Material Change

There has been no significant change in the financial position or financial performance of the Santander UK Group (including Santander UK) since 31 December 2021, being the date of the Issuer's last published audited consolidated annual financial statements.

There has been no material adverse change in the prospects of the Issuer since 31 December 2021, being the date of its last published audited consolidated annual financial statements.

4. **Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or had, in the 12 months prior to the date hereof, a significant effect on the financial position or profitability of the Santander UK Group.

5. **Independent Auditors**

In respect of the consolidated annual financial statements of the Issuer incorporated by reference herein for the years ended 31 December 2021 and 31 December 2020, the auditors of such financial statements are PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP are members of the Institute of Chartered Accountants in England and Wales.

6. **U.S. Tax Legend**

N&C Securities in bearer form (other than Immobilised Bearer N&C Securities and Temporary Global N&C Securities) and the relevant Coupons or Talons will bear the following legend where TEFRA D is specified as applicable in the applicable Issue Terms:

"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."

7. **Contracts (Rights of Third Parties) Act 1999**

The Contracts (Rights of Third Parties) Act 1999 (the "**Act**") provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract. Unless specifically provided in the applicable Final Terms (or, in the case of Exempt N&C Securities, Pricing Supplement) to the contrary, this Programme expressly excludes the application of the Act to any issue of N&C Securities under the Programme.

8. **Post-Issuance Information**

Save as set out in the applicable Final Terms (or, in the case of Exempt N&C Securities, Pricing Supplement), the Issuer does not intend to provide any post-issuance information in relation to any issue of N&C Securities.

9. **Important information relating to Public Offers of N&C Securities**

Certain Tranches of N&C Securities with a denomination of less than £100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under FSMA to publish a prospectus. Any such offer is referred to as a "**Public Offer**". This Base Prospectus has been prepared on a basis that permits Public Offers of N&C Securities in the United Kingdom. Any person making or intending to make a Public Offer of N&C Securities on the basis of this Base Prospectus must do so only with the Issuer's consent to the use of this Base Prospectus as provided below and provided such person complies with the conditions attached to that consent.

Save as provided above, neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any Public Offer of N&C Securities in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

10. **Consent to use this Base Prospectus**

In the context of a Public Offer of N&C Securities, the Issuer accepts responsibility, in the United Kingdom, for the content of this Base Prospectus in relation to any person (an "**Investor**") who purchases any such N&C Securities in a Public Offer made by a Dealer or an Authorised Offeror (as defined below), where that offer is made during the Consent Period and provided that the conditions attached to the giving of consent for the use of this Base Prospectus are complied with. The consent and conditions attached to it are set out under "*Consent*" and "*Common Conditions to Consent*" below.

Neither the Issuer nor any Dealer makes any representation as to the compliance by an Authorised Offeror with any applicable conduct of business rules or other applicable regulatory or securities law requirements in relation to any Public Offer and neither the Issuer nor any Dealer has any responsibility or liability for the actions of that Authorised Offeror.

Except in the circumstances set out in the following paragraphs, the Issuer has not authorised the making of any Public Offer by any offeror and the Issuer has not consented to the use of this Base Prospectus by any other person in connection with any Public Offer of N&C Securities. Any Public Offer made without the consent of the Issuer is unauthorised and neither the Issuer nor, for the avoidance of doubt, any Dealer accepts any responsibility or liability in relation to such offer or for the actions of the persons making any such unauthorised offer.

If, in the context of a Public Offer, an Investor is offered N&C Securities by a person which is not an Authorised Offeror, the Investor should check with that person whether anyone is responsible for this Base Prospectus for the purposes of the relevant Public Offer and, if so, who that person is. If the Investor is in any doubt about whether they can rely on this Base Prospectus and/or who is responsible for its contents they should take legal advice.

Consent

In connection with each Tranche of N&C Securities and subject to the conditions set out below under "*Common Conditions to Consent*":

Specific consent

The Issuer consents to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of such N&C Securities by:

(a) the relevant Dealer(s) or Manager(s) specified in the applicable Final Terms;

(b) any financial intermediaries specified in the applicable Final Terms;

(c) any other financial intermediary appointed after the date of the applicable Final Terms and whose name is published on the Issuer's website (http://www.santander.co.uk/uk/about-santander-uk/investor-relations/abbey-structured-note-and-certificate-programme?p_p_id=W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n&p_p_lifecycle=1&p_p_state=normal&p_p_mode=view&p_p_col_id=column-2&p_p_col_pos=1&p_p_col_count=2&_W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n_cidGroupInfo=1324581833330&_W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n_cidGroupInfo=1324581833105&_W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n_javax.portlet.action=W017InformationsClusterGrouperGetGroupInfoAction&_W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n_base.portlet.view=W017InformationsClusterGrouperInitialView&_W017_Informations_Cluster_Grouper_WAR_W017_Informations_Clusterportlet_INSTANCE_BdjH5B3K1W8n_base.portlet.urlAjaxReady=true) and identified as an Authorised Offeror in respect of the relevant Public Offer.

General consent

If (and only if) Part B of the applicable Final Terms specifies "General Consent" as "Applicable", the Issuer hereby offers to grant its consent to the use of this Base Prospectus (as supplemented as at the relevant time, if applicable) in connection with a Public Offer of N&C Securities in the United Kingdom by any other financial intermediary which satisfies the following conditions:

(a) it is authorised to make such offers under the FSMA (in which regard, Investors should consult the register maintained by the FCA at: https://register.fca.org.uk); and

(b) it accepts the Issuer's offer to grant consent to the use of this Base Prospectus by publishing on its website the following statement (with the information in square brackets completed with the relevant information) (the "**Acceptance Statement**"):

*"We, [insert legal name of financial intermediary], refer to the offer of [insert title of relevant N&C Securities] (the "**N&C Securities**") described in the Final Terms dated [insert date] (the "**Final Terms**") published by Santander UK plc (the "**Issuer**"). In consideration of the Issuer offering to grant its consent to our use of the Base Prospectus (as defined in the Final Terms) in connection with the offer of the N&C Securities in the United Kingdom [delete as applicable] during the Consent Period and subject to the other conditions to such consent, each as specified in the Base Prospectus (the "**Offer**"), we hereby accept the offer by the Issuer in accordance with the Authorised Offeror Terms (as specified in the Base Prospectus) and confirm that we are using the Base Prospectus in connection with the Offer accordingly".*

11. **Authorised Offeror Terms**

The relevant financial intermediary agrees in connection with using this Base Prospectus that the relevant financial intermediary:-

(a) will, and it agrees, represents, warrants and undertakes for the benefit of the Issuer and the relevant Dealer that it will, at all times in connection with the relevant Public Offer:

(i) act in accordance with, and be solely responsible for complying with, all applicable laws, rules, regulations and guidance of any applicable regulatory bodies (the "**Rules**"), including, where the Public Offer of N&C Securities is being made in the United Kingdom, the Rules published by the FCA (including its guidance for distributors in "*The Responsibilities of Providers and Distributors for the Fair Treatment of Customers*") from time to time including, without limitation and in each case, Rules relating to both the appropriateness or suitability of any investment in the N&C Securities by any person and disclosure to any potential Investor;

(ii) comply with the restrictions set out under "*Subscription and Sale*" in this Base Prospectus which would apply as if it were a Dealer and consider the relevant manufacturer's target market assessment and distribution channels as identified under the "*UK MiFIR product governance*" legend set out in the applicable Final Terms;

(iii) ensure that any fee (and any other commissions or benefits of any kind) or rebate received or paid by that financial intermediary in relation to the offer or sale of the N&C Securities does not violate the Rules and, to the extent required by the Rules, is fully and clearly disclosed to Investors or potential Investors;

(iv) hold all licences, consents, approvals and permissions required in connection with solicitation of interest in, or offers or sales of, the N&C Securities under the Rules, including, where a Public Offer of N&C Securities is being made in the United Kingdom, authorisation under the FSMA;

(v) comply with applicable anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules (including, without limitation, taking appropriate steps, in compliance with such Rules, to establish and document the identity of each potential Investor prior to initial investment in any N&C Securities by the Investor), and will not permit any application for N&C Securities in circumstances where the financial intermediary has any suspicions as to the source of the application monies;

(vi) retain Investor identification records for at least the minimum period required under applicable Rules, and shall, if so requested and to the extent permitted by the Rules, make such records available to the Issuer and the relevant Dealer or directly to the FCA (or the appropriate authority with jurisdiction over any Dealer) in order to enable the Issuer or the relevant Dealer to comply with anti-money laundering, anti-bribery, anti-corruption and "know your client" Rules applying to the Issuer or the relevant Dealer;

(vii) ensure that it does not, directly or indirectly, cause the Issuer or the relevant Dealer to breach any Rule or subject the Issuer or the relevant Dealer to any requirement to obtain or make any filing, authorisation or consent in any jurisdiction;

(viii) immediately inform the Issuer and the relevant Dealer if at any time it becomes aware or suspects that it is or may be in violation of any Rules and take all appropriate steps to remedy such violation and comply with such Rules in all respects;

(ix) comply with the conditions to the consent referred to under "Common Conditions to Consent" below and any further requirements or other Authorised Offeror Terms relevant to the Public Offer as specified in the applicable Final Terms;

(x) make available to each potential Investor in the N&C Securities this Base Prospectus (as supplemented as at the relevant time, if applicable) and not convey or publish any information that is not contained in or entirely consistent with this Base Prospectus and the applicable Final Terms;

(xi) if it conveys or publishes any communication (other than this Base Prospectus or any other materials provided to such financial intermediary by or on behalf of the Issuer for the purposes of the relevant Public Offer) in connection with the relevant Public Offer, it will ensure that such communication (A) is fair, clear and not misleading and complies with the Rules, (B) states that such financial intermediary has provided such communication independently of the Issuer, that such financial intermediary is solely responsible for such communication and that neither the Issuer nor the relevant Dealer accept any responsibility for such communication and (C) does not, without the prior written consent of the Issuer or the relevant Dealer (as applicable), use the legal or publicity names of the Issuer or the relevant Dealer or any other name, brand or logo registered by an entity within their respective groups or any material over which any such entity retains a proprietary interest, except to describe the Issuer as issuer of the relevant N&C Securities on the basis set out in this Base Prospectus, as supplemented at the relevant time;

(xii) ensure that no holder of N&C Securities or potential Investor in the N&C Securities shall become an indirect or direct client of the Issuer or the relevant Dealer for the purposes of any applicable Rules from time to time, and to the extent that any client obligations are created by the relevant financial intermediary under any applicable Rules, then such financial intermediary shall perform any such obligations so arising;

(xiii) co-operate with the Issuer and the relevant Dealer in providing such information (including, without limitation, documents and records maintained pursuant to paragraph (vi) above) upon written request from the Issuer or the relevant Dealer as is available to such financial intermediary or which is within its power and control from time to time, together with such further assistance as is reasonably requested by the Issuer or the relevant Dealer:

(A) in connection with any request or investigation by the FCA or any other regulator in relation to the N&C Securities, the Issuer or the relevant Dealer; and/or

(B) in connection with any complaints received by the Issuer and/or the relevant Dealer relating to the Issuer and/or the relevant Dealer or another Authorised Offeror including, without limitation, complaints as defined in rules published by the FCA and/or any other regulator of a competent jurisdiction from time to time; and/or

(C) which the Issuer or the relevant Dealer may reasonably require from time to time in relation to the N&C Securities and/or as to allow the Issuer or the relevant Dealer fully to comply within its own legal, tax and regulatory requirements,

in each case, as soon as is reasonably practicable and, in any event, within any time frame set by any such regulator or regulatory process;

(xiv) during the period of the initial offering of the N&C Securities: (i) only sell the N&C Securities at the Issue Price specified in the applicable Final Terms (unless otherwise agreed with the relevant Dealer); (ii) only sell the N&C Securities for settlement on the Issue Date specified in the applicable Final Terms; (iii) not appoint any sub-distributors (unless otherwise agreed with the relevant Dealer); (iv) not pay any fee or remuneration or commissions or benefits to any third parties in relation to the offering or sale of the N&C Securities (unless otherwise agreed with the relevant Dealer); and (v) comply with such other rules of conduct as may be reasonably required and specified by the relevant Dealer; and

(xv) either (i) obtain from each potential Investor an executed application for the N&C Securities, or (ii) keep a record of all requests such financial intermediary (x) makes for its discretionary management clients, (y) receives from its advisory clients and (z) receives from its execution-only clients, in each case prior to making any order for the N&C Securities on their behalf, and in each case maintain the same on its files for so long as is required by any applicable Rules;

(b) agrees and undertakes to indemnify each of the Issuer and the relevant Dealer (in each case on behalf of such entity and its respective directors, officers, employees, agents, affiliates and controlling persons) against any losses, liabilities, costs, claims, charges, expenses, actions or demands (including reasonable costs of investigation and any defence raised thereto and counsel's fees and disbursements associated with any such investigation or defence) which any of them may incur or which may be made against any of them arising out of or in relation to, or in connection with, any breach of any of the foregoing agreements, representations, warranties or undertakings by such financial intermediary, including (without limitation) any unauthorised action by such financial intermediary or failure by such financial intermediary to observe any of the above restrictions or requirements or the making by such financial intermediary of any unauthorised representation or the giving or use by it of any information which has not been authorised for such purposes by the Issuer or the relevant Dealer; and

(c) agrees and accepts that:

(i) the contract between the Issuer and the financial intermediary formed upon acceptance by the financial intermediary of the Issuer's offer to use the Base Prospectus with its consent in connection with the relevant Public Offer (the "**Authorised Offeror Contract**"), and any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract, shall be governed by, and construed in accordance with, English law;

(ii) subject to (iv) below, the courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Authorised Offeror Contract (including a dispute relating to any non-contractual obligations arising out of or in connection with the Authorised Offeror Contract) (a "**Dispute**") and the Issuer and financial intermediary submit to the exclusive jurisdiction of the English courts;

(iii) for the purposes of (ii) above and (iv) below, the financial intermediary waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any dispute;

(iv) to the extent permitted by law, the Issuer and the Dealer may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions; and

(v) each relevant Dealer will, pursuant to the Contracts (Rights of Third Parties) Act 1999, be entitled to enforce those provisions of the Authorised Offeror Contract which are, or are expressed to be, for their benefit, including the agreements, representations, warranties, undertakings and indemnity given by the financial intermediary pursuant to the Authorised Offeror Terms.

The financial intermediaries referred to in paragraphs (a)(ii), (a)(iii) and (b) above are together the "**Authorised Offerors**" and each an "**Authorised Offeror**".

Any Authorised Offeror falling within (ii) above who meets the conditions set out in (b) above and the other conditions stated in "Common Conditions to Consent" below and who wishes to use this Base Prospectus in connection with a Public Offer is required, for the duration of the relevant Consent Period, to publish on its website the Acceptance Statement.

12. **Common Conditions to Consent**

The conditions to the Issuer's consent to the use of the Base Prospectus in the context of the relevant Public Offer of N&C Securities are (in addition to the conditions described in paragraph 11(b) above if Part B of the applicable Final Terms specifies "General Consent" as "Applicable") that such consent:

(a) is only valid during the Consent Period; and

(b) only extends to the use of this Base Prospectus to make Public Offers of the relevant Tranche of N&C Securities in the United Kingdom.

Each Tranche of N&C Securities may only be offered to Investors as part of a Public Offer in the United Kingdom, or otherwise in circumstances in which no obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

As used herein, "**Consent Period**" means the period beginning on the start date of the relevant Offer Period specified in the applicable Final Terms and ending on the earliest of (i) the end date of the relevant Offer Period specified in the applicable Final Terms, (ii) the date occurring 12 months after the date of this Base Prospectus or (iii) in the event that the Base Prospectus is superseded by a base prospectus of the Issuer which is approved and published by the Issuer during the relevant Offer Period (a "**New Base Prospectus**") and the Issuer has amended, restated and issued the applicable Final Terms pursuant to the New Base Prospectus, the date on which such amended and restated Final Terms are published.

An Investor intending to purchase or purchasing any N&C Securities in a Public Offer from an Authorised Offeror will do so, and offers and sales of such N&C Securities to an Investor by such Authorised Offeror will be made, in accordance with the terms and conditions of the offer in place between such Authorised Offeror and such Investor including arrangements in relation to price, allocations, expenses and settlement. The Issuer will not be a party to any such arrangements with such Investors in connection with the Public Offer or sale of the N&C Securities concerned and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The relevant information will be provided by the Authorised Offeror at the time of such offer. Neither the Issuer nor, for the avoidance of doubt, any Dealer has any responsibility or liability to an Investor in respect of the information described above.

PROGRAMME MEMORANDUM

Pages 219 to 250 of this document comprise a programme memorandum (the "Programme Memorandum") in respect of the N&C Securities for which no prospectus is required to be published under the FSMA or the UK Prospectus Regulation ("Exempt N&C Securities").

The Programme Memorandum does not constitute a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation and does not form part of the Base Prospectus. The FCA has neither approved nor reviewed information contained in the Programme Memorandum in connection with Exempt N&C Securities.

The Programme Memorandum is to be read in conjunction with the following sections of the Base Prospectus:

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DESCRIPTION OF THE ISSUER 54
DOCUMENTS INCORPORATED BY REFERENCE 62
GENERAL DESCRIPTION OF THE PROGRAMME 63
HOW THE RETURN ON THE N&C SECURITIES IS CALCULATED 67
GENERAL TERMS AND CONDITIONS OF THE N&C SECURITIES 85
PAYOUT ANNEX 132
EQUITY INDEX ANNEX 140
INFLATION INDEX ANNEX 153
FORM OF FINAL TERMS FOR NON EXEMPT N&C SECURITIES 159
SUMMARY OF THE N&C SECURITIES 190
FORM OF THE N&C SECURITIES 191
USE OF PROCEEDS 197
BOOK-ENTRY CLEARANCE SYSTEMS AND SETTLEMENT 198
DESCRIPTION OF THE PREFERENCE SHARE ISSUER 202
TAXATION 203
IMPORTANT NOTICE TO PURCHASERS AND TRANSFEREES OF N&C SECURITIES 206
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GENERAL INFORMATION 212
PROGRAMME MEMORANDUM 219
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Each of the above sections of the Base Prospectus shall be deemed to be incorporated by reference herein and, for the purposes of Exempt N&C Securities, shall be deemed amended as follows, in each case, to the extent applicable:

(a) any reference therein to "Final Terms" will be deemed to be a reference to "Pricing Supplement", and

(b) any reference therein to "Base Prospectus" will be deemed to be a reference to "Programme Memorandum".

Any supplement(s) to the Base Prospectus published after the date hereof shall be deemed to be incorporated by reference into this Programme Memorandum.

The contractual terms of any particular issuance of Exempt N&C Securities will be composed of the "*General Terms and Conditions of the N&C Securities*" set out in this document, together with the

applicable Annex(es) relating to certain interest payouts, Equity Index Linked Interest N&C Securities or Inflation Index Linked Interest N&C Securities (all as set out in this document), as completed (and, if applicable, amended) by the Pricing Supplement.

Notice of the aggregate nominal amount of the Exempt N&C Securities, interest (if any) payable in respect of the Exempt N&C Securities, the issue price of the Exempt N&C Securities and certain other information which is applicable to each Tranche will be set out in the Pricing Supplement.

This Programme Memorandum is valid for 12 months from the date hereof and may be supplemented from time to time at the absolute discretion of the Issuer.

Prospective investors should consider carefully the risks set forth in this document under "Risk Factors" prior to making an investment decision with respect to the Exempt N&C Securities. If prospective investors are in any doubt about the risks or suitability of a particular Exempt N&C Security, they should seek professional advice.

Independent Investigation

Neither this Programme Memorandum nor any other information supplied in connection with the Programme or any Exempt N&C Securities (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Programme Memorandum or any other information supplied in connection with the Programme or any Exempt N&C Securities should purchase any Exempt N&C Securities. Each investor contemplating purchasing any Exempt N&C Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Programme Memorandum nor any other information supplied in connection with the Programme or the issue of any Exempt N&C Securities constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Exempt N&C Securities. Furthermore, neither this Programme Memorandum, nor any other information supplied in connection with the Programme or any Exempt N&C Securities is, nor does it purport to be, investment advice. Unless expressly agreed otherwise with a particular investor, neither the Issuer nor any Dealer is acting as an investment adviser or providing advice of any other nature, or assumes any fiduciary obligation, to any investor in Exempt N&C Securities.

Neither the delivery of this Programme Memorandum nor the offering, sale or delivery of any Exempt N&C Securities shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Exempt N&C Securities of any information coming to their attention. Investors should review, inter alia, the most recently published documents incorporated by reference in this Programme Memorandum (including any documents incorporated by reference pursuant to any supplements hereto) when deciding whether or not to purchase any Exempt N&C Securities.

Subscription and sales and transfer restrictions in the United States

Persons into whose possession offering material comes must inform themselves about and observe any such restrictions. This Programme Memorandum does not constitute, and may not be used for or in connection with, an offer to any person to whom it is unlawful to make such an offer or a solicitation by anyone not authorised so to act. See "*Subscription and Sale*" above.

The Exempt N&C Securities that are debt for U.S. federal income tax purposes 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 or for the account or benefit of U.S. Persons, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 (the **"Code"**) and the U.S. Treasury regulations promulgated thereunder.

The Exempt N&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **"Securities Act"**) or under any state securities laws and Exempt N&C Securities are subject to certain United States tax law requirements.

The Exempt N&C Securities, or interests therein, may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, in the United States (including any state of the United States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction (the **"United States"**) or directly or indirectly offered, sold, resold, traded, pledged, redeemed, transferred or delivered to, or for the account or benefit of, any person who is (i) a "U.S. person" as defined in Regulation S under the Securities Act (**"Regulation S"**), (ii) a person who comes within any definition of U.S. person for the purposes of the United States Commodity Exchange Act of 1936, as amended (the **"CEA"**) (including but not limited to a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the Commodity Futures Trading Commission (the **"CFTC"**) pursuant to the CEA and a person other than a "Non-United States person" as defined in CFTC Rule 4.7(a)(1)(iv) excluding for the purposes of CFTC Rule 4.7(a)(1)(iv)(D) the exception for qualified eligible persons who are not "Non-United States persons"), or (iii) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a **"U.S. Person"**).

Investment Considerations

The Exempt N&C Securities may not be suitable for all investors

Each potential investor in the Exempt N&C Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

- has sufficient knowledge and experience to make a meaningful evaluation of the Exempt N&C Securities, the merits and risks of investing in the Exempt N&C Securities and the information contained or incorporated by reference in this Programme Memorandum or any applicable supplement;

- has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Exempt N&C Securities and the impact the Exempt N&C Securities will have on its overall investment portfolio;

- has sufficient financial resources and liquidity to bear all of the risks of an investment in the Exempt N&C Securities, including Exempt N&C Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understands thoroughly the terms of the Exempt N&C Securities and is familiar with the behaviour of any relevant indices and financial markets; and

- is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

An investment in Exempt N&C Securities (including Exempt N&C Securities which are Equity Index Linked Interest N&C Securities or Inflation Index Linked N&C Securities) may entail significant risks not associated with investments in conventional securities such as debt or equity securities, including, but not limited to, the risks set out in "*Risks associated with N&C Securities that are linked to one or more Reference Item(s)*" above.

In making an investment decision, investors must rely on their own examination of the Issuer and the terms of the Exempt N&C Securities, including the merits and risks involved.

Certain of the Dealers and their affiliates have engaged and may in the future engage in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its respective affiliates.

Neither the Dealers nor the Issuer makes any representation to any investor in the Exempt N&C Securities regarding the legality of its investment under any applicable laws. Any investor in the Exempt N&C Securities should satisfy itself that it is able to bear the economic risk of an investment in the Exempt N&C Securities for an indefinite period of time.

Purchasers of such Exempt N&C Securities are deemed to have sufficient knowledge, experience and professional advice to make their own investment decisions and to have undertaken their own legal, financial, tax, accounting and other business evaluation of the risks and merits of investments in such Exempt N&C Securities and should ensure that they fully understand the risks associated with investments of this nature which are intended to be sold only to sophisticated investors. Purchasers of Exempt N&C Securities are solely responsible for making their own independent appraisal of an investigation into the business, financial condition, prospects, creditworthiness, status and affairs of any Reference Item and the information relating to any Reference Item and the level or fluctuation of any Reference Item(s).

Important – EEA Retail Investors – If the Pricing Supplement in respect of any Exempt N&C Securities includes a legend entitled "*Prohibition of Sales to EEA Retail Investors*", the Exempt N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **"EEA"**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **"MiFID II"**); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, save in relation to any jurisdiction(s) or period(s) for which the "*Prohibition of Sales to EEA Retail Investors*" is specified to be not applicable in the relevant Pricing Supplement no key information document is required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Exempt N&C Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Exempt N&C Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Important –UK Retail Investors – – If the Pricing Supplement in respect of any Exempt N&C Securities includes a legend entitled "*Prohibition of Sales to UK Retail Investors*", the Exempt N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of:

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

Consequently, save in relation to any jurisdiction(s) or period(s) for which the "*Prohibition of Sales to UK Retail Investors*" is specified to be not applicable in the relevant Pricing Supplement, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Exempt N&C Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Exempt N&C Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II Product Governance / Target Market - The Pricing Supplement in respect of any Exempt N&C Securities may include a legend entitled "*MiFID II product governance*" which will outline the target market assessment in respect of the relevant Exempt N&C Securities and which channels for distribution of the relevant Exempt N&C Securities are appropriate. Any person subsequently offering, selling or recommending the Exempt N&C Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Exempt N&C Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance**

Rules"), any Dealer subscribing for any Exempt N&C Securities is a manufacturer in respect of such Exempt N&C Securities, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR product governance/ target market – The Pricing Supplement in respect of any Exempt N&C Securities may include a legend entitled "*UK MiFIR product governance*" which will outline the target market assessment in respect of the Exempt N&C Securities and which channels for distribution of the Exempt N&C Securities are appropriate. Any person subsequently offering, selling or recommending the Exempt N&C Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Exempt N&C Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance rules, any Dealer subscribing for any Exempt N&C Securities is a manufacturer in respect of such Exempt N&C Securities, but otherwise neither the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

References to Santander entities

The Exempt N&C Securities do not constitute and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the CEA, and trading in the Exempt N&C Securities has not been approved by the CFTC pursuant to the CEA.

FORM OF PRICING SUPPLEMENT FOR EXEMPT N&C SECURITIES

EXEMPT N&C SECURITIES OF ANY DENOMINATION

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Exempt N&C Securities, whatever the denomination of those N&C Securities, issued under the Programme pursuant to this Base Prospectus.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – [Other than with respect to offers of the N&C Securities in [*specify jurisdiction(s) for which a PRIIPs KID is being prepared*] [during the period[s] [●]-[●] [*repeat periods as necessary*],] [T]/[t]he N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently[, save as provided above,] no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – [Other than with respect to offers of the N&C Securities in the United Kingdom [during the period[s] [●]-[●] [*repeat periods as necessary*],] [T]/[t]he N&C Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently[, save as provided above,] no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the N&C Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the N&C Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[**MIFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the N&C Securities to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]/[**MIFID II product governance / Retail investors, professional investors and ECPs** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties, professional clients and retail clients, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the N&C Securities to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under MiFID II, as applicable]]. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities

(a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is eligible counterparties as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**UK MiFIR**") only; and (ii) all channels for distribution of the N&C Securities to eligible counterparties and professional clients are appropriate. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]/[UK MiFIR product governance / Retail investors, professional investors and ECPs – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the N&C Securities has led to the conclusion that: (i) the target market for the N&C Securities is retail clients, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"), eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); (ii) all channels for distribution to eligible counterparties and professional clients are appropriate; and (iii) the following channels for distribution of the N&C Securities to retail clients are appropriate - investment advice[,/ and] portfolio management[,/ and][non-advised sales][and pure execution services][, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable]]. [Consider any negative target market.] Any person subsequently offering, selling or recommending the N&C Securities (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the N&C Securities (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels[, subject to the distributor's suitability and appropriateness obligations under COBS, as applicable].]

[**THE FINANCIAL CONDUCT AUTHORITY HAS NEITHER APPROVED NOR REVIEWED THIS PRICING SUPPLEMENT**]

APPLICABLE PRICING SUPPLEMENT

PLEASE CAREFULLY READ THE RISK FACTORS IN THE BASE PROSPECTUS

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN FINANCIAL AND LEGAL ADVISORS ABOUT THE RISKS ASSOCIATED WITH AN INVESTMENT IN THE N&C SECURITIES AND THE SUITABILITY OF AN INVESTMENT IN THE N&C SECURITIES IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES

[*Date*]

Santander UK plc

Legal Entity Identifier (LEI): PTCQB104N23FMNK2RZ28

Issue of [*Aggregate Nominal Amount/Number of Units of Tranche*] [*Title of N&C Securities*]
(the "**N&C Securities**")

under the
Structured Note and Certificate Programme
(the "**Programme**")

The Base Prospectus referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of N&C Securities in the United Kingdom or any Member State of the European Economic Area will be made pursuant to an exemption under the FSMA or the Prospectus Regulation, as the case may be, from the requirement to publish a prospectus for offers of the N&C Securities. Accordingly, any person making or intending to make an offer in the United Kingdom or that relevant Member State of the N&C Securities may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to either of section 85 of the FSMA or Article 3 of the UK Prospectus Regulation or to supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of N&C Securities in any other circumstances.

The expression "**FSMA**" means the Financial Services and Markets Act 2000. The expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, (as amended) and regulations made thereunder.

PART A – CONTRACTUAL TERMS

This document constitutes the Pricing Supplement for the N&C Securities described herein. This document must be read in conjunction with the Base Prospectus dated 18 March 2022 [as supplemented by the supplement[s] dated [●]] (the "**Base Prospectus**"). Full information on the Issuer and the offer of the N&C Securities is only available on the basis of the combination of this Pricing Supplement and the Base Prospectus. The Base Prospectus has been published on the websites of the London Stock Exchange (www.londonstockexchange.com) and the Issuer's website ([*insert link*]). [The Base Prospectus is also available for viewing during normal business hours at the specified office of Citibank, N.A., London Branch acting as Principal Paying Agent and copies may be obtained from the registered office of the Issuer.] In the event of any inconsistency between the Conditions and the Pricing Supplement, this Pricing Supplement will prevail.

Terms used herein shall be deemed to be defined as such for the purposes of the General Terms and Conditions of the N&C Securities (the "**N&C Security Conditions**" and, together with the applicable Annex(es) the "**Conditions**") set forth in the Base Prospectus. The N&C Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") or under any state securities laws of any state or other jurisdiction of the United States. The N&C Securities, or interests therein, may not at any time be offered, sold, resold, traded, pledged, redeemed, transferred or delivered, directly or indirectly, within the United States or directly or indirectly offered, sold, resold, traded, pledged, redeemed, transferred or delivered to, or for the account or benefit of any U.S. Person (as defined below). Furthermore, the N&C Securities do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act of 1936, as amended (the "**CEA**"), and trading in the N&C Securities has not been approved by the U.S. Commodity Futures Trading Commission (the "**CFTC**") pursuant to the CEA, and no U.S. Person may at any time trade or maintain a position in the N&C Securities. For a description of the restrictions on offers and sales of N&C Securities, see "*Important Notice to Purchasers and Transferees of N&C Securities*" and "*Subscription and Sale*" in the Base Prospectus.

For the purposes of this Pricing Supplement, "U.S. Person" means (i) a "U.S. person" as defined in Regulation S under the Securities Act ("**Regulation S**"), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC pursuant to the CEA, (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the U.S. Internal Revenue Code of 1986 and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "**U.S. Person**").

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs (in which case the sub-paragraphs of the paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.*]

[*By investing in the N&C Securities each investor is deemed to represent that*:

(a) ***Non-Reliance***. *It is acting for its own account, and it has made its own independent decisions to invest in the N&C Securities and as to whether the investment in the N&C Securities is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the N&C Securities, it being understood that information and explanations related to the terms and conditions of the N&C Securities shall not be considered to be investment advice or a recommendation to invest in the N&C Securities. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the N&C Securities.*

(b) ***Assessment and Understanding***. *It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the N&C Securities. It is also capable of assuming, and assumes, the risks of the investment in the N&C Securities.*

(c) ***Status of Parties***. *Neither the Issue nor any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the N&C Securities*.]

1.	Issuer:		Santander UK plc
2.	2.1	Type of N&C Security:	[Note] / [Certificate]
	2.2	Series Number:	[●]
	2.3	Tranche Number:	[●]
	2.4	[Date on which the N&C Securities will be consolidated and form a single Series:	The N&C Securities will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/exchange of the Temporary Bearer Global N&C Security for interests in the Permanent Bearer Global N&C Security, as referred to in paragraph 25 below, which is expected to occur on or about [*insert date*]][Not Applicable]]
	2.5	Trading Method:	[Nominal] / [Unit]
	2.6	Applicable Annex(es):	[Not Applicable] / [Payout] / [Equity Index] / [Inflation Index] / (*N.B. more than one Annex may apply*)
3.	Specified Currency:		[●] (*NB: the Specified Currency must be the same as the currency of the Preference Shares*)
4.	[Aggregate Nominal Amount] / [Aggregate Issue Size]:		
	4.1	Series:	[●][1]
	4.2	Tranche:	[●][2]

[1] For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

[2] For N&C Securities issued by Unit, "Aggregate Issue Size" should be specified and expressed as a number of Units.

	4.3	[Nominal Amount per Unit:	For calculation purposes only, each Unit shall be deemed to have a nominal amount of [●]. (*If N&C Securities are not traded by unit, delete this item*)][3]
5.	5.1	[Issue Price] / [Unit Issue Price] for Tranche:[4]]	[100 per cent. of the Aggregate Nominal Amount] / [[●] [*Insert currency*] per Unit (the "**Issue Price**")] [plus accrued interest from and including [*insert date*] to but excluding the Issue Date (which is equal to [●] days' accrued interest) (*in the case of fungible issues, if applicable*)] The Issue Price specified [in/at [paragraph [●]]/above] may be more than the market value of the N&C Securities as at the Issue Date, and the price, if any, at which the Dealer or any other person is willing to purchase the N&C Securities in secondary market transactions is likely to be lower than the Issue Price. In particular, the Issue Price may describe the overall proceeds received by the Issuer in connection with the issue of the N&C Securities expressed as a percentage of the Aggregate Nominal Amount. In addition to the purchase price received from the Dealer, the Issuer may receive up front payment(s) under the hedging arrangements for the N&C Securities and secondary market prices may exclude such amounts. [See further Part B, item [6.6] below.] To the extent permitted by applicable law, if any fees relating to the issue and sale of the N&C Securities have been paid or are payable by the Dealer to an intermediary (an "**Intermediary**"), then such Intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such Intermediary, including the FSMA and any other legislation, regulation and/or rule that may apply in the UK or any other relevant jurisdiction. Investors in the N&C Securities intending to invest in N&C Securities through an Intermediary (including by way of introducing broker) should request details of any such fee payment from such Intermediary before making any purchase thereof.
	5.2	[Unit Value on Issue:	[[*Insert currency*] per Unit]

[3] For N&C Securities issued by Unit only.

[4] Note that for N&C Securities issued by nominal amount the "Issue Price" is the gross amount received by the Issuer in respect of the N&C Securities being issued and should be the same as the "Offer Price" (if any). Both the "Issue Price" and the "Offer Price" should be par (i.e. 100 per cent.).

			Investors should note that the value of a Unit in the secondary market or on redemption may be less than the Unit Value on Issue (*If N&C Securities are not traded by unit, delete this item*)]
	5.3	[Aggregate Proceeds Amount:	[●] (*If N&C Securities are not traded by unit, delete this item*)]
6.	6.1	[Specified Denominations:	[●] [[*Where Bearer N&C Securities and multiple denominations above £100,000 or its equivalent in another currency are being used, the following sample wording should be followed*: [[£100,000] and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No N&C Securities in definitive form will be issued with a denomination exceeding [£199,000].]] (*If N&C Securities are not traded by nominal amount, delete this item*)
	6.2	[Minimum Tradable Size:	[[£100,000] [[●] Units and in multiples of [●] Unit[s] (the "**Multiple Tradeable Size**") in excess thereof.]]]
	6.3	Calculation Amount per N&C Security:	[●] (*If only one Specified Denomination, insert the Specified Denomination.* *If more than one Specified Denomination, insert the highest common factor. N.B. There must be a common factor in the case of two or more Specified Denominations.* *Note that a Calculation Amount of less than 1,000 units of the relevant currency may result in practical difficulties for paying agents and/or ICSDs who should be consulted if such an amount is proposed.*)
7.	7.1	Issue Date:	[*specify date*] (*NB. The Preference Shares should be issued before such date*)
	7.2	Interest Commencement Date (if different from the Issue Date):	[*specify date*] [Not Applicable]
8.	Type of N&C Security:		[Fixed Rate N&C Security] [Floating Rate N&C Security]

		[Cross-Asset Linked Interest N&C Security: (*specify each relevant Type as follows*)] [Equity Index Linked Interest N&C Security] [Inflation Index Linked Interest N&C Security] [Non-interest bearing N&C Security] (*Specify all N&C Security types which apply*)
9.	Maturity Date:	The third Business Day following the Final Reference Date (the "**Scheduled Maturity Date**") and the Scheduled Maturity Date is scheduled to be [●], unless the Preference Shares are redeemed early in accordance with their terms
10.	Interest Basis:	[[●] per cent. Fixed Rate N&C Security] [[Bank of England Base Rate/EURIBOR/SONIA/€STR/[*Specify relevant ISDA Rate*]]+/-[●] per cent. Floating Rate N&C Security] [Variable Interest Rate N&C Security] [Non-interest bearing N&C Security] [Not applicable]
11.	Redemption / Payment Basis:	Preference Share linked redemption in accordance with N&C Security Condition 6
12.	Change of Interest Basis:	[Applicable] / [Not Applicable] [*Specify the date when any fixed to floating rate change occurs or cross-refer to paragraphs 15 and 16 below and identify there*]
13.	Issuer Call Option:	[Not Applicable] / [Issuer Call applicable(further particulars specified in 22 22 below)]
14.	Status of N&C Securities:	Senior

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate N&C Security Provisions**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	15.1	Rate(s) of Interest/determination of interest:	[●] per cent. [per annum] payable in arrear on each Interest Payment Date (*or, if applicable, insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(a), the relevant Interest Payment Option*

		from Payout Condition 2.2 and/or related definitions from Payout Condition 3.)
15.2	Interest Payment Date[s]:	[[●] in each year from (and including) [●] and up to (and including) [*insert date*] / [*specify other*] (*NB: do not specify the final Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*) (*N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 15.7 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph 27 above*) (*NB: This will need to be amended in the case of irregular coupons*)
15.3	Fixed Coupon Amount(s):(Applicable to N&C Securities in definitive form)	[[●] per Calculation Amount] [payable on the Interest Payment Dates falling in[●]]/ [Not Applicable]
15.4	Broken Amount(s): (Applicable to N&C Securities in definitive form)	[●] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [●] / [Not Applicable]
15.5	Day Count Fraction:	[Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/ [Act/Act (ISDA)] [Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365(Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360 (ICMA)] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [unadjusted/adjusted] [Not Applicable]

			(*N.B. If interest is not payable on a regular basis (for example, if there are Broken Amounts specified), Actual/Actual (ICMA) may not be a suitable Day Count Fraction*) (*N.B. Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)
	15.6	Determination Date(s):	[[●] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*)
	15.7	Business Day Convention:	[Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention] / [Not Applicable]
	15.8	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
16.	**Floating Rate N&C Security Provisions**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	16.1	Specified Period(s)/Specified Interest Payment Dates:	[[●] in each year from (and including) [●] up to (and including) [*specify date*]]/[*specify other*] [, subject to adjustment in accordance with the Business Day Convention set out below/not subject to any adjustment, as the Business Day Convention below is specified to be Not Applicable] (*NB: do not specify the final Specified Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*) (*N.B. to provide for adjustment of the Interest Periods by reference to which interest is calculated, please specify the appropriate Business Day Convention in paragraph 16.2 below. For "unadjusted" interest calculation the Business Day Convention should be specified as "Not Applicable". Where Interest Payment Dates are required to adjust for payment purposes only (i.e. to roll to an appropriate Payment Day without affecting the length of the relevant Interest Period used for interest calculations) this can be achieved by specifying the appropriate Payment Day Convention in paragraph [27) above*)
	16.2	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention /

		Preceding Business Day Convention / [Not Applicable]]
16.3	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
16.4	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination / Overnight Rate Determination (SONIA) / Overnight Rate Determination (€STR)](further particulars specified in the below sub-paragraph of this item 16) (*or, if applicable, insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(b), the relevant Interest Payment Option from Payout Condition 2.2 and/or related definitions from Payout Condition 3.*)
16.5	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent) (*Note: Should always specify the Calculation Agent if Bank of England Base Rate Determination applies*):	[The Calculation Agent: See paragraph 31 below] / [*specify other*] [*Address*]
16.6	Screen Rate Determination:	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Reference Rate:	[●] month EURIBOR
	(b) Interest Determination Date:	[●] (*Second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR*)
	(c) Relevant Screen Page:	[●] (*If not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend fallback provisions appropriately*)
16.7	ISDA Determination:	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) ISDA Definitions:	[2006 ISDA Definitions] / [2021 ISDA Interest Rate Derivatives Definitions]
	(b) Floating Rate Option:	[●]
	(c) Designated Maturity:	[●]
	(d) Reset Date:	[●] (*In the case of a EURIBOR based option, the first day of the Interest Period*)

	(e) Compounding method:	[Not applicable] / [Compounding with Lookback [Applicable Business Days means (*specify*)] / [Compounding with Observation Period Shift Observation Period Shift Business Days means (*specify*)] / [Compounding with Lockout Lockout Period Business Days means (*specify*)]
16.8	Linear Interpolation:	[Not Applicable] / [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
16.9	Bank of England Base Rate Determination:	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a) Designated Maturity:	[Daily] [●]
	(b) Interest Determination Date:	[●]
	(c) Relevant Screen Page:	[Reuters UKBASE] / [●]
16.10	Overnight Rate Determination (SONIA):	[Applicable] / [Not Applicable]
	(a) Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate] / [Compounded Index Rate]
	(b) Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c) Interest Determination Date(s):	[●] London Banking Days prior to the relevant Interest Payment Date for each Interest Period
	(d) Rate Determination Date:	[●] / [Not Applicable] (*if applicable, specify the relevant London Banking Day in each Interest Period*)
	(e) Relevant Screen Page:	[●]
	(f) Observation Look-Back Period:	[●] London Banking Days
16.11	Overnight Rate Determination (€STR):	[Applicable] / [Not Applicable]
	(a) Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate]

	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Interest Determination Date(s):	[●] TARGET2 Business Days prior to the relevant Interest Payment Date for each Interest Period
	(d)	Rate Determination Date:	[●] / [Not Applicable] (*if applicable, specify the relevant TARGET2 Business Day in each Interest Period*)
	(e)	Observation Look-Back Period:	[●] TARGET2 Business Days
16.12	Margin(s):		[+/-] [●] per cent. per annum
16.13	Rate Multiplier:		[Not Applicable] / [[●] per cent.]
16.14	Minimum Rate of Interest:		[●] per cent. per annum
16.15	Maximum Rate of Interest:		[●] per cent. per annum
16.16	Day Count Fraction:		[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)] [Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/365 (Fixed)]/[Act/365(Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365 (Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360]/[360/360]/[Bond Basis] [30/360 (ICMA)] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [unadjusted/adjusted] [Not Applicable] [(*NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)]
16.17	Determination Date(s):		[[●] in each year]/[Not Applicable][Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon]
17.	**Other Variable Interest Rate N&C Security Provisions**		[Applicable] / [Not Applicable]

		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
17.1	Type of Variable Interest Rate N&C Securities:	(*Insert relevant provisions from the Payout Annex: i.e. Payout Condition 2.1(c), the relevant Interest Payment Option from Payout Condition 2.2 and/or related definitions from Payout Condition 3*.)
17.2	Specified Period(s) / Specified Interest Payment Dates:	[[●] in each year from (and including) [●] and up to (and including) [*specify date*] / [*specify other*] (*NB: do not specify the final Specified Interest Payment Date to be "Maturity Date", instead specify the calendar date or "Scheduled Maturity Date"*)
17.3	Business Day Convention:	[Floating Rate Convention / Following Business Day Convention / Modified Following Business Day Convention / Preceding Business Day Convention]
17.4	Additional Business Centre(s):	[●] / [TARGET2] / [Not Applicable]
17.5	Minimum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
17.6	Maximum Rate of Interest:	[[●] per cent. per annum][Not Applicable]
17.7	Day Count Fraction:	[Actual/Actual (ISDA)]/[Actual/Actual]/[Act/Act]/[Act/Act (ISDA)] [Actual/Actual (ICMA)]/[Act/Act (ICMA)] [Actual/365 (Fixed)]/[Act/365 (Fixed)]/[A/365 (Fixed)]/[A/365F] [Actual/365 (Sterling)] [Actual/360]/[Act/360]/[A/360] [30/360 (ICMA)] [30/360]/[360/360]/[Bond Basis] [30E/360]/[Eurobond Basis] [30E/360 (ISDA)] [adjusted / unadjusted] [Not Applicable] [(*NB: Actual/Actual (ICMA) is normally only appropriate for Fixed Rate N&C Securities denominated in Sterling*)]
17.8	Determination Date(s):	[[●] in each year]/[Not Applicable] [*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In which case, insert regular interest payment dates, ignoring issue*

date or maturity date in the case of a long or short first or last coupon]

18.	**Key Dates relating to Variable Interest Rate N&C Securities**		
	18.1	Trade Date:	[●]
	18.2	Valuation Date(s):	[●] / [Not Applicable]
	18.3	Initial Valuation Date:	[●] / [Not Applicable]
	18.4	Scheduled Observation Date(s):	[●] / [Not Applicable]
	18.5	Calculation Date(s):	[●] / [Not Applicable]
	18.6	Observation Period:	[●] / [Not Applicable]
	18.7	Averaging Dates:	[Averaging [applies / does not apply] to the N&C Securities.] [The Averaging Dates are [●].] [In the event that an Averaging Date is a Disrupted Day [Omission/ Postponement/ Modified Postponement] will apply.]
	18.8	Final Valuation Date:	[●] / [Not Applicable]
	18.9	Specified Maximum Days of Disruption:	[See [Equity Index Linked Condition 7] (*for Equity Index Linked Interest N&C Securities*)] / [[*Specify number*] Scheduled Trading Days] / [Not Applicable]
19.	**Additional provisions relating to Equity Index Linked Interest N&C Securities**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	19.1	Whether the interest provisions in respect of the N&C Securities relate to single index or a basket containing one or more indices and the identity of each relevant Index:	[Single index] / [Basket containing one or more indices]
	19.2	Equity Index:	[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*) (a) [*Name of Index/Basket Index*] (b) The relevant Index Sponsor is [*Name of Index Sponsor*] (c) Bloomberg Screen: [●] (*In case of more than one Index repeat the prompts set out in items 19.2 – 19.6 inclusive below and include the relevant information in a tabular format.*)

19.3	Index Level:	[Opening Level] / [Intraday Level] / [Observation Level] / [Closing Level] (*NB:- If Observation Level is selected please specify one of (a) the [lowest] [highest] Closing Level observed by the Calculation Agent on the Scheduled Observation Dates or (b) the level of the Index observed by the Calculation Agent in accordance with the definition of Index Level at or about the Relevant Time on the [Initial Valuation Date] [Scheduled Observation Date]*).
19.4	Exchange(s)	[The relevant Exchange[s] [is/are] [●]]
19.5	Related Exchange:	[*specify*] / [All Exchanges]
19.6	Relevant Time:	[Scheduled Closing Time] / [The relevant time is [●], being the time specified on the [Valuation Date/Averaging Date/Scheduled Observation Date] for the calculation of the Index Level.]
19.7	Exchange Business Day:	[Exchange Business Day (Single Index Basis)] / [Exchange Business Day (All Indices Basis)] / [Exchange Business Day (Per Index Basis)]/
19.8	Scheduled Trading Day:	[Scheduled Trading Day (Single Index Basis)] / [Scheduled Trading Day (All Indices Basis)] / [Scheduled Trading Day (Per Index Basis)]
19.9	Additional Disruption Events:	[Applicable]/[Not Applicable: the provisions of Equity Index Linked Condition 5 do not apply] (*if Not Applicable, delete the remaining parts of this item 19.9*) (a) Elected Events Only: [Applicable] / [Not Applicable] (b) [The following Additional Disruption Events apply to the N&C Securities: [Change in Law] [Hedging Disruption] [Increased Cost of Hedging] [Increased Cost of Stock Borrow] [Loss of Stock Borrow]] (*NB: delete this item (b)) if "Elected Events Only" is specified as Not Applicable*) (c) [The Maximum Stock Loan Rate in respect of [*specify in relation to each relevant Component Security*] is [●]] (*NB: only applicable if Loss of Stock Borrow is applicable*) (d) [The Initial Stock Loan Rate in respect of [*specify in relation to each relevant Component Security*] is [●].]

			(*NB: only applicable if Increased Cost of Stock Borrow is applicable*)
	19.10	Equity Index Linked Condition 3.2(c) (*Modification and Cessation of Calculation of an Index*):	[Applicable]/[Not Applicable]
	19.11	Equity Index Linked Condition 5(a)(ii)(B) (*Additional Disruption Events*):	[Applicable]/[Not Applicable]
20.	**Additional provisions relating to Inflation Index Linked Interest N&C Securities**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	20.1	Inflation Index/Inflation Indices:	[●] (*Give details of index/indices. In case of more than one Inflation Index, repeat the prompts set out in items 20.1 –20.7 inclusive below and include the relevant information. In this case immediately before such items set out the title: Information in relation to [name of Inflation Index]*)
	20.2	Inflation Index Sponsor(s):	[●]
	20.3	Reference source(s):	[●]
	20.4	Related Bond:	[Applicable] / [Not Applicable] The Related Bond is: [●] [Fallback Bond] The issuer of the Related Bond is: [●]
	20.5	Fallback Bond:	[Applicable] / [Not Applicable]
	20.6	Observation Level:	[Applicable] / [Not Applicable] (*NB: If applicable please specify one of (a) the [lowest] [highest] level of the Inflation Index observed by the Calculation Agent in accordance with the Inflation Index Linked Conditions in respect of the Scheduled Observation Dates or (b) the level of the Inflation Index observed by the Calculation Agent in accordance with the Inflation Index Linked Conditions in respect of the [Initial Valuation Date] [Scheduled Observation Date]*.)
	20.7	Inflation Index Dates in relation to [*name of Key Date*]:	(*In case of more than one Key Date, repeat the prompts set out in items 20.7(a) – 20.7(d) inclusive below (if different for each Key Date) and include the relevant information in a tabular format.*)
		(a) Reference Month:	[●]
		(b) Determination Date(s):	[●]

			(*Note this may be the relevant Key Date*)
	(c)	Inflation Cut-Off Date:	[●] [As defined in the Inflation Index Linked Conditions]
	(d)	End Date:	[●] [Maturity Date] (*This is necessary whenever Fallback Bond is Applicable*)
20.8	Additional Disruption Events:		[The following Additional Disruption Events apply to the N&C Securities: [Change in Law][,/and] [Hedging Disruption][,/and] [Increased Cost of Hedging]]/[Not Applicable: the provisions of Inflation Index Linked Condition 4 do not apply]
21.	**Additional provisions relating to Fixed Income Benchmark N&C Securities**		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
21.1	Additional Business Centre(s):		[●] / [TARGET2] / [Not Applicable]
21.2	Manner in which the Rate of Interest and Interest Amount is to be determined:		[Screen Rate Determination / ISDA Determination / Bank of England Base Rate Determination / Overnight Rate Determination (SONIA) / Overnight Rate Determination (€STR)] (further particulars specified in the below sub-paragraphs of this item 21)
21.3	Screen Rate Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Interest Determination Date(s):	[●]
	(b)	Reference Rate:	[●] month EURIBOR
	(c)	Relevant Screen Page:	[●] (*If not Reuters EURIBOR01, ensure it is a page which shows a composite rate or amend fallback provisions appropriately*)
21.4	ISDA Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	ISDA Definitions:	[2006 ISDA Definitions] / [2021 ISDA Interest Rate Derivatives Definitions]
	(b)	Reset Date(s):	[●]
	(c)	Floating Rate Option:	[●]
	(d)	Designated Maturity:	[●]

	(e)	Compounding method:	[Not applicable] / [Compounding with Lookback Applicable Business Days means (*specify*)] / [Compounding with Observation Period Shift Observation Period Shift Business Days means (*specify*)] / [Compounding with Lockout Lockout Period Business Days means (*specify*)]
21.5	Bank of England Base Rate Determination:		[Applicable] / [Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Designated Maturity:	[Daily] [●]
	(b)	Relevant Screen Page:	[Reuters UKBASE] / [●]
21.6	Overnight Rate Determination (SONIA):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate] / [Compounded Index Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Relevant Screen Page:	[●]
	(d)	Rate Determination Date:	[●] / [Not Applicable]
	(e)	Observation Look-Back Period:	[●] London Banking Days
21.7	Overnight Rate Determination (€STR):		[Applicable] / [Not Applicable]
	(a)	Calculation Method:	[Compounded Daily Rate] / [Weighted Average Rate] / [Single Daily Rate]
	(b)	Observation Method:	[Lag] / [Lock-Out] / [Shift] / [Not Applicable]
	(c)	Rate Determination Date:	[●] / [Not Applicable]
	(d)	Observation Look-Back Period:	[●] TARGET2 Business Days
21.8	Margin(s):		[+/-][●] per cent. per annum
21.9	Minimum Rate of Interest:		[●] per cent. per annum
21.10	Maximum Rate of Interest:		[●] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

22.	Issuer Call		[Applicable] / [Not Applicable] [*If applicable, insert*: Optional Preference Share Redemption Valuation Date(s): [*insert date(s)*] (subject to adjustment in accordance with N&C Security Condition [7.2])]
23.	Provisions relating to Preference Share Linked Redemption:		
	23.1	Preference Shares	[*insert title and series number*] issued by the Company
	23.2	Initial Reference Date:	[*insert date*]
	23.3	Preference Share Valuation Date:	[*insert date*] [, unless the Preference Shares are to be redeemed following a Scheduled Observation Date (as defined in their terms), in which case the Preference Share Valuation Date will be such Scheduled Observation Date][, subject to adjustment in accordance with N&C Security Condition 6.1]
	23.4	Valuation Time	[5.00 p.m. (London time)] [*insert other*]
	23.5	Final Reference Date:	[*insert number of Business Days, which should between 2 and no more than 8*] Business Days following the Preference Share Valuation Date
24.	Early Redemption:		
	24.1	Specified Early Redemption Events:	[Applicable]/[Not Applicable]
		(a) Issuer Illegality Call:	[Applicable]/[Not Applicable]
		(b) Issuer Tax Call:	[Applicable]/[Not Applicable]
		(c) Issuer Regulatory Call:	[Applicable]/[Not Applicable]
	24.2	Events of Default:	[Applicable]/[Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE N&C SECURITIES

25.	Form of N&C Securities:		
	25.1	Form:	[Bearer N&C Securities: [Temporary Bearer Global N&C Security exchangeable for a Permanent Bearer Global N&C Security which is exchangeable for definitive Bearer N&C Securities [on 60 days' notice/only upon an Exchange Event]]. [Temporary Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities on and after the Exchange Date.]

[Permanent Bearer Global N&C Security exchangeable for Definitive Bearer N&C Securities [on 60 days' notice/only upon an Exchange Event]].]

(*Ensure that this is consistent with the wording in the "Form of the N&C Securities" section in the Base Prospectus and the N&C Securities themselves. (N.B. The exchange upon notice option should not be expressed to be applicable if the Specified Denomination of the N&C Securities in paragraph 6 includes language substantially to the following effect*:

"[£100,000] and integral multiples of [£1,000] in excess thereof up to and including [£199,000]. No N&C Securities in definitive form will be issued with a denomination above [£199,000]." Furthermore, such Specified Denomination construction is not permitted in relation to any issue of N&C Securities which is to be represented on issue by a Temporary Bearer Global N&C Security exchangeable for Definitive N&C Securities.))

[Immobilised Bearer N&C Securities:

[Permanently Restricted Global N&C Security held by the Book-Entry Depositary and CDIs registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]]

(*Permanently Restricted Global N&C Security to be used for securities which are to be represented by CREST Depository Interests*)

[CREST Depository Instruments:

CREST Depository Interests ("**CREST Depository Interests**") representing the N&C Securities may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("**CREST**").]

25.2 New Global Note: [Yes] / [No]

26. Additional Financial Centre(s): London / [*give details*]

		(*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 15.8, 16.3, 18.3 and 19.8 relate*)
27.	Payment Day Convention:	[Following] / [Modified Following] / [Preceding] (*NB: If no Payment Day Convention is specified, "Following" will apply*)
28.	Talons for future Coupons to be attached to Definitive Bearer N&C Securities:	[Yes as the N&C Securities have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made] / [No]
29.	Rounding Convention:	[Rounded up] / [Rounded down] / [Not Applicable]
30.	Calculation Agent:	[Santander UK plc 2 Triton Square Regent's Place London NW1 3AN United Kingdom] [*specify other, including address*]
31.	Any Conditions additional to, or modified from, those set forth in the Base Prospectus:	[*specify*] / [Not Applicable]
32.	Specified N&C Securities:	[The N&C Securities are [not] Specified N&C Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986. [Additional information regarding the application of Section 871(m) to the N&C Securities will be available from [*give name(s) and address(es) of Issuer contact*].]] [As at the date of this Pricing Supplement, the Issuer has not determined whether the N&C Securities are Specified N&C Securities for purposes of Section 871(m) of the U.S. Internal Revenue Code of 1986; however, indicatively it considers that they will [not] be Specified N&C Securities for these purposes. This is indicative information only subject to change and if the Issuer's final determination is different then it will give notice of such determination. Please contact [name(s) and address(es) of Issuer contact] for further information regarding the application of Section 871(m) to the N&C Securities.][5] (*The N&C Securities will not be Specified N&C Securities if they (i) are issued prior to 1 January 2023 and are not "delta-one" for U.S. tax purposes or (ii) do not reference any U.S. equity or any index that contains any*

[5] This formulation to be used if the Issuer has not made a determination regarding whether the N&C Securities are Specified Securities as of the date of the Pricing Supplement.

component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities. If the N&C Securities reference a U.S. equity or an index that contains a component U.S. equity or otherwise provide direct or indirect exposure to U.S. equities and (i) are issued prior to 1 January 2023 and provide a return that does not differ significantly from the return on an investment in the underlying, or (ii) are issued on or after 1 January 2023, further analysis would be required.)

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as they are aware and is/are able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

1.1	Listing and admission to trading:	[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the N&C Securities to be listed on [*specify market - note this must not be an EEA regulated market or the London Stock Exchange's main market*] with effect from [●].] / [Not Applicable]

2. RATINGS

2.1	Ratings:	[None. Please note that as at the Issue Date it is not intended that the specific Series of N&C Securities will be rated.] [The N&C Securities to be issued [have been]/[are expected to be] rated [*insert rating*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealer [[and [*specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers*]]], so far as the Issuer is aware, no person involved in the issue of the N&C Securities has an interest material to the offer. (*Amend as appropriate if there are other interests*)]

4. USE OF PROCEEDS

[●]

(*Only required if the use of proceeds is different to that stated in the Base Prospectus*)

5. OPERATIONAL INFORMATION

5.1	ISIN:	[●]
5.2	Common Code:	[●]
5.3	CFI[6]:	[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN] / [Not Applicable]
5.4	FISN[6]:	[See/[[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible

[6] Whilst technically not a requirement for admission to trading, market operators are required to provide CFI and FISN codes to the FCA/competent authorities/ESMA as part of their reference data/financial instrument reporting under various pieces of legislation (such as MiFIR and MAR, including as onshored in the UK) and it is likely that stock exchanges will request these when the Final Terms are filed with them to admit a tranche of securities to market. "Not Applicable" should be specified where the Final Terms relates to an unlisted but Non-exempt Offer or the codes are not otherwise required and the "Not Available" option has been inserted as CFI and FISN codes may not always be available. The reference to the ANNA website (without the actual code) may be relevant if the parties are not sure that the code is correct or if a code has not been requested.

		National Numbering Agency that assigned the ISIN] / [Not Available]
5.5	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*] [The N&C Securities will also be eligible for CREST via the issue of CREST Depository Interests representing the N&C Securities]
5.6	Delivery:	Delivery [against/free of] payment
5.7	Names and addresses of additional Paying Agent(s) (if any):	[●] / [Not Applicable]
5.8	Deemed delivery of clearing system notice for the purposes of N&C Security Condition 13 (*Notices*):	Any notice delivered to N&C Securityholders through the clearing system will be deemed to have been given on the [second][business] day after the day on which it was given to [Euroclear] [and/,] [Clearstream, Luxembourg] [and/,] [*specify other*].
5.9	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the N&C Securities are intended upon issue to be deposited with [one of the international central securities depositories ("**ICSDs**") as common safekeeper][*specify other*] and does not necessarily mean that the N&C Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] (*If "Yes" is selected and the N&C Securities are deposited with an ICSD, the N&C Securities must be issued in NGN form.*) [No. [Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the N&C Securities are capable of meeting them the N&C Securities may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the N&C Securities will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]
5.10	Governing law:	English
5.11	Additional investment considerations:	[Applicable. See Annex [●] contained herein.] / [Not Applicable.] (*If applicable, set out in an annex all additional risk factors or*

other investment considerations applicable to the particular Tranche of N&C Securities to be issued.)

6. **DISTRIBUTION**

6.1	Method of distribution:	[Syndicated/Non-syndicated]
6.2	(a) If syndicated, names of Managers:	[Not Applicable] / [*give names of each entity acting as underwriter*]
	(b) Date of Subscription Agreement:	[●]
	(c) Stabilisation Manager(s) (if any):	[Not Applicable] / [*give name*]
6.3	If non-syndicated, name of relevant Dealer:	[Not Applicable] / [*give name*] [In connection with the issue of any Tranche of N&C Securities, the relevant Dealer (if any) named as the stabilisation manager (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement or Base Prospectus (as the case may be) (the "**Stabilisation Manager**") may over-allot N&C Securities or effect transactions with a view to supporting the market price of the N&C Securities at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the Pricing Supplement for the offer of the Tranche of N&C Securities is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Tranche of N&C Securities and 60 days after the date of the allotment of the Tranche of N&C Securities.]
6.4	U.S. Selling Restrictions:	The N&C Securities have not and will not be registered under the Securities Act. The N&C Securities are only for offer and sale outside the United States in offshore transactions to non-U.S. Persons in reliance on Regulation S under the Securities Act and may not be offered, sold, transferred, pledged, delivered, redeemed, directly or indirectly, at any time within the United States or to, or for the account or benefit of, or by, any U.S. Person. Each initial purchaser of the N&C Securities and each subsequent purchaser or transferee of the N&C Securities shall be deemed to have agreed with the Issuer or the seller of such N&C Securities that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, such N&C Securities so purchased in the United States or to, or for the account

		or benefit of, any U.S. Person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. Person and (ii) it is not purchasing any N&C Securities for the account or benefit of any U.S. Person. N&C Securities in bearer form 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 U.S. person, except in certain transactions permitted by U.S. tax regulations. [Reg. S Compliance Category 2; TEFRA D / TEFRA C / TEFRA not applicable] (*NB. N&C Securities which will be represented by CREST Depository Interests to be TEFRA C and Immobilised Bearer Securities will be TEFRA not applicable*)
6.5	Prohibition of Sales to EEA Retail Investors	[Not Applicable] [Applicable[, other than with respect to offers of the N&C Securities in [*specify jurisdiction(s) for which a PRIIPs KID is being prepared*] [during the period[s] [●] [●] [*repeat periods as necessary*]]]]
6.6	Prohibition of Sales to UK Retail Investors	[Not Applicable] [Applicable[, other than with respect to offers of the N&C Securities in the United Kingdom [during the period[s] [●] [●] [*repeat periods as necessary*]]]]
6.7	Additional selling restrictions:	[Not Applicable]/[*give details*]
6.8	[Information relating to the Issue Price:	The Issue Price for the N&C Securities includes a number of costs including sale commissions and hedging related payments and may not be an accurate reflection of the market value of the N&C Securities as of the Issue Date. The price at which the N&C Securities may be sold in secondary market transactions may be significantly lower than the Issue Price as a result. Accordingly, investors should be prepared to hold the N&C Securities until maturity. The Issue Price for the N&C Securities includes an embedded commission which will be payable to one or more distributors for the N&C Securities. An investor should enquire of any distributor from which it purchases N&C Securities as to the level of commissions received by the distributor. [The Issuer is only offering to and selling to the Dealer(s) pursuant to and in accordance with the terms of the [Distribution

Agreement] [Programme Agreement][7]. All sales to persons other than the Dealer(s) will be made by the Dealer(s) or persons to whom they sell, and/or otherwise make arrangements with, including [specify names of other financial intermediaries/placers making offers or consider including a generic description of such other parties involved in offers] (the "**Financial Intermediaries**"). The Issuer shall not be liable for any offers, sales or purchases of N&C Securities to persons (other than in respect of offers and sales to, and purchases of, N&C Securities by the Dealer(s) and only then pursuant to the [Distribution Agreement] [Programme Agreement]), which are made by the Dealer(s) [or Financial Intermediaries] in accordance with the arrangements in place between any such Dealer or [any such][the] Financial Intermediary and its customers.]

7. UK BENCHMARKS REGULATION

UK Benchmarks Regulation: Article 29(2) statement on benchmarks:	[Not Applicable] [Applicable: Amounts payable under the N&C Securities are calculated by reference to [*insert name(s) of benchmark(s)*], which [is/are] provided by [*insert name(s) of the administrator(s) – if more than one, specify in relation to each relevant benchmark*].] [As at the date of this Pricing Supplement, [*insert name(s) of the administrator(s)*] [is/are] [not] included in the register of administrators and benchmarks established and maintained by the Financial Conduct Authority pursuant to article 36 of Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.] [*repeat as necessary*]

[7] Delete as applicable depending on whether syndicated trade or not.

REGISTERED OFFICE OF THE ISSUER

2 Triton Square
Regent's Place
London NW1 3AN

DEALER

Santander UK plc
2 Triton Square
Regent's Place
London NW1 3AN

PAYING AGENTS

PRINCIPAL PAYING AGENT AND TRANSFER AGENT	REGISTRAR	PAYING AGENT
Citibank, N.A. London Branch Citigroup Centre Canada Square Canary Wharf London E14 5LB	Citigroup Global Markets Europe AG Reuterweg 16, 60323 Frankfurt Germany	Citibank Europe plc 1 North Wall Quay Dublin 1 Ireland

BOOK-ENTRY DEPOSITARY/CUSTODIAN

Citibank, N.A. London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

LEGAL ADVISERS

To the Dealer as to English law

Ashurst LLP
London Fruit & Wool Exchange
1 Duval Square
London E1 6PW
United Kingdom

INDEPENDENT REGISTERED PUBLIC AUDITORS

To the Issuer

PricewaterhouseCoopers LLP
1 Embankment Place
WC2N 6RH