

TERMS AND CONDITIONS OF THE NOTES

The \$750,000,000 4.25 per cent. Fixed Rate Subordinated Notes due 2028 (the “**Notes**”, which expression shall, unless the context otherwise requires, include any further notes issued pursuant to Condition 14 and forming a single series with the Notes) are constituted by a trust deed dated 18 October 2017 (as amended and/or restated and/or supplemented from time to time, the “**Trust Deed**”) between Standard Life Aberdeen plc (the “**Issuer**”) and HSBC Corporate Trustee Company (UK) Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Notes (the “**Noteholders**”). These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes referred to below. An Agency Agreement dated 18 October 2017 (as amended and/or restated and/or supplemented from time to time, the “**Agency Agreement**”) has been entered into in relation to the Notes between the Issuer, the Trustee, HSBC Bank plc as principal paying agent and the other agents named in it. The principal paying agent, the paying agents, the registrar and the transfer agents for the time being appointed under the Agency Agreement (if any) are referred to below respectively as the “**Principal Paying Agent**”, the “**Paying Agents**” (which expression shall include the Principal Paying Agent), the “**Registrar**” and the “**Transfer Agents**” (which expression shall include the Registrar). Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours and upon reasonable notice at the specified offices of the Paying Agents and the Transfer Agents.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1. **Form, denomination and title**

The Notes are issued in registered form in specified denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(a), each Certificate shall represent the entire holding of Notes by the same Noteholder.

Title to the Notes shall pass upon registration in the register of the Noteholders that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as its absolute owner for all purposes whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of the relevant Certificate and no person shall be liable for so treating the Noteholder.

2. **Transfers of Notes**

(a) **Transfer of Notes**

One or more Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may

reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. A Note may not be transferred unless the principal amount of the Notes transferred (and where not all of the Notes held by a Noteholder are transferred, the principal amount of the balance of the Notes not transferred) are in a specified denomination. In the case of a transfer of Notes to a person who is already a Noteholder, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(b) Delivery of new Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the Noteholder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Noteholder entitled to the new Certificate to such address as may be so specified, unless such Noteholder requests otherwise and pays in advance to the Registrar or relevant Transfer Agent (as applicable) the costs of such other method of delivery and/or such insurance as it may specify.

(c) Transfer free of charge

Transfers of Notes and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agents, but upon payment of any tax or other governmental charges by the person submitting such Notes or Certificates that may be imposed in relation to the transfer or its registration (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed periods

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 days ending on the due date for redemption of that Note, or (ii) during the period of seven days ending on (and including) any Record Date.

3. Status

(a) Ranking

The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. In the event of the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution: (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution; and (ii) do not provide that the Notes shall thereby become payable) or the appointment of an administrator of the Issuer where the administrator has given notice

that it intends to declare and distribute a dividend, the payment obligations of the Issuer under or arising from the Notes and the Trust Deed, including any damages awarded for breach of any obligations in respect of the Notes, shall be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer, but shall rank (a) at least *pari passu* with all other subordinated obligations of the Issuer which constitute Tier 2 Capital (other than the Existing Undated Tier 2 Notes) and all obligations which rank, or are expressed to rank, *pari passu* therewith (“**Pari Passu Securities**”); and (b) in priority to the claims of holders of: (i) the Existing Undated Tier 2 Notes; (ii) all obligations of the Issuer which constitute Additional Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith; and (iii) all classes of share capital of the Issuer (together, the “**Junior Securities**”).

(b) Set-off, etc.

Subject to applicable law, no Noteholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer arising under or in connection with the Notes and each Noteholder shall, by virtue of being the holder of any Note, be deemed to have waived all such rights of set-off, compensation or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Noteholder by the Issuer is discharged by set-off, such Noteholder shall, unless such payment is prohibited by applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer or, in the event of its winding-up or administration, the liquidator or administrator, as appropriate, of the Issuer for payment to the Senior Creditors in respect of amounts owing to them by the Issuer, and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer, or the liquidator or administrator, as appropriate, of the Issuer (as the case may be), for payment to the Senior Creditors in respect of amounts owing to them by the Issuer and, accordingly, any such discharge shall be deemed not to have taken place.

On a winding-up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the parties ranking senior to the Noteholders (as provided in Condition 3) have been satisfied.

(c) References to include principal and interest

The foregoing provisions of this Condition 3 apply only to the principal, interest and other amounts under or arising from the Notes and nothing in this Condition 3 shall affect or prejudice the payment of the costs, charges, expenses or liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and in such capacity the Trustee shall rank as an unsubordinated creditor of the Issuer.

4. Interest

(a) Interest rate and Interest Payment Dates

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date to (but excluding) the Maturity Date at the Interest Rate payable semi-annually in arrear on each Interest Payment Date.

(b) Interest accrual

Each Note will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

(c) Calculation of interest

Interest shall be calculated per \$1,000 in principal amount of the Notes (the “**Calculation Amount**”) by applying the rate of interest referred to in Condition 4(a) to such Calculation Amount, multiplying the resulting figure by the applicable day count fraction as described below in this Condition 4(c) and rounding the resultant figure to two decimal places (with 0.005 being rounded up). The amount of interest payable in respect of a Note shall be calculated by multiplying the amount of interest per Calculation Amount determined as aforesaid by the specified denomination of such Note and dividing the resulting figure by \$1,000.

Where interest is to be calculated in respect of any period, the applicable day count fraction will be the number of days in such period divided by 360, where the number of days is calculated on the basis of a 360 day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

5. Redemption, substitution, variation, purchase and options

(a) Redemption at maturity

Unless previously redeemed or purchased and cancelled as provided below, each Note shall be redeemed on the Maturity Date at its principal amount together with any interest accrued to (but excluding) the date of redemption in accordance with these Conditions.

(b) Conditions to redemption, substitution, variation or purchase

Any redemption, substitution, variation or purchase of the Notes under Conditions 5(c), 5(d) or 5(e) is subject to:

- (i) obtaining Regulatory Approval;
- (ii) (in the case of any redemption or purchase of the Notes) compliance with the Regulatory Preconditions and the Issuer having complied with all other regulatory rules (to the extent then required by the Relevant Regulator or the Relevant Rules);
- (iii) (in the case of a redemption occurring within five years of the Amendment Effective Date under Condition 5(c) following the occurrence of a Tax Law Change) the Issuer demonstrating to the satisfaction of the Relevant Regulator that the change in the applicable tax treatment of the Notes resulting from the relevant Tax Law Change is material and was not reasonably foreseeable at the Amendment Effective Date; and
- (iv) (in the case of a redemption occurring within five years of the Amendment Effective Date under Condition 5(d) following the occurrence of a Capital Disqualification Event) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the relevant change in the

regulatory classification of the Notes was not reasonably foreseeable at the Amendment Effective Date.

A certificate signed by two Authorised Signatories confirming such compliance shall be conclusive evidence of such compliance and shall, in the absence of manifest error, be accepted by the Trustee, the Noteholders and all other interested parties as correct and sufficient evidence thereof and the Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

(c) Redemption, substitution or variation at the option of the Issuer due to Taxation

If immediately prior to the giving of the notice referred to below:

- (i) as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the UK or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which the UK is a party, or any change in the application of official or generally published interpretation of such laws, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions (in respect of securities similar to the Notes and which are capable of constituting Tier 2 Capital under the Relevant Rules applicable at issuance) or which differs from any specific written confirmation given by a tax authority in respect of the Notes, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by UK Act of Parliament or by Statutory Instrument, on or after the Amendment Effective Date (each a “**Tax Law Change**”), in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts on the Notes and the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it; or
- (ii) as a result of a Tax Law Change, in respect of the Issuer's obligation to make any payment of interest on the next following Interest Payment Date: (x) the Issuer would not be entitled to claim a deduction in respect of computing its taxation liabilities in the UK, or such entitlement is reduced; (y) the Issuer would not to any extent be entitled to have a loss (if any) that has been computed taking such a deduction into account set against the profits of companies with which it is grouped for applicable UK tax purposes (whether under the group relief system current as at the date of the Tax Law Change or any similar system or systems having like effect as may from time to time exist); or (z) the Issuer would otherwise suffer adverse tax consequences, and in each such case the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to it,

then the Issuer may:

- (A) subject to Condition 5(b), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions (unless otherwise specified herein) at any time all, but not some only, of the Notes at their principal amount and any interest accrued to (but excluding) the date of redemption in accordance with these Conditions; or

- (B) subject to Condition 5(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), substitute at any time all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become, Qualifying Tier 2 Securities and the Trustee shall (subject to the following provisions of this paragraph (B) and subject to the receipt by it of the certificates of the Authorised Signatories referred to below and in the definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 5(c) the Issuer shall deliver to the Trustee (a) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above applies and (b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers or other tax advisers of recognised standing that the relevant requirement or circumstance referred to in sub-paragraph (i) or (ii) above applies. Upon expiry of such notice the Issuer shall (subject to Condition 5(b)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 5(c).

In connection with any substitution or variation in accordance with this Condition 5(c), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(d) Redemption, substitution or variation at the option of the Issuer due to Capital Disqualification Event

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event has occurred and is continuing, then:

- (i) the Issuer may, subject to Condition 5(b) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions all, but not some only, of the Notes at any time. The Notes will be redeemed at their principal amount and any interest accrued to (but excluding) the date of redemption in accordance with these Conditions; or
- (ii) the Issuer may, subject to Condition 5(b) (without any requirement for the consent or approval of the Noteholders) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), substitute at any time all (and not some only) of the Notes for, or vary the terms of the Notes so that they remain or become Qualifying Tier 2 Securities and the Trustee shall (subject to the following provisions of this paragraph (ii) and subject to the receipt by it of the certificates of the Authorised Signatories referred to below and in the

definition of Qualifying Tier 2 Securities) agree to such substitution or variation. The Trustee shall, at the request and expense of the Issuer, use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation if the terms of the securities into which the Notes are to be substituted or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 5(d) the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories stating that a Capital Disqualification Event has occurred and is continuing as at the date of the certificate. Upon expiry of such notice the Issuer shall (subject to Condition 5(b)) either redeem, vary or substitute the Notes, as the case may be, pursuant to the relevant terms of this Condition 5(d).

In connection with any substitution or variation in accordance with this Condition 5(d), the Issuer shall comply with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or admitted to trading.

(e) Purchases

Subject to Condition 5(b), the Issuer and any of its Subsidiaries for the time being may purchase Notes in the open market or otherwise and at any price.

(f) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its Subsidiaries may (at the option of the Issuer or the relevant Subsidiary) be held, reissued, resold or surrendered for cancellation by surrendering the Certificate representing such Notes to the Registrar and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith. Any Notes so redeemed or surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

(g) Trustee not obliged to monitor

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 5 and will not be responsible to Noteholders for any loss arising from any failure or delay by the Trustee to do so. Unless and until the Trustee has actual knowledge or express notice of the occurrence of any event or circumstance within this Condition 5, it shall be entitled to assume that no such event or circumstance exists.

6. Payments

(a) Method of payment

(i) Payments of principal in respect of Notes shall be made in USD against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

- (ii) Interest on the Notes shall be paid in USD to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Note shall be made in USD by transfer to a USD account maintained by or on behalf of the payee with a bank and (in the case of interest payable on redemption) upon presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar.

(b) Payments subject to fiscal laws

All payments are in all cases subject to any applicable fiscal or other laws, regulations and directives in any jurisdiction and the Issuer will not be liable to pay any additional amount in respect of taxes or duties of whatever nature imposed or levied by or pursuant to such laws, regulations or directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders in respect of such payments. For the purpose of this paragraph, the phrase “subject to any applicable fiscal or other laws, regulations and directives” shall include any withholding or deduction imposed by sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (“**FATCA**”), any regulations thereunder, any law implementing an inter-governmental approach thereto, any agreement entered into pursuant to FATCA, or any official interpretation of FATCA.

(c) Appointment of Agents

The Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents initially appointed by the Issuer and their respective specified offices are listed below. Subject as provided in the Agency Agreement, the Principal Paying Agent, the Paying Agents, the Registrar and the Transfer Agents act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain: (i) a Principal Paying Agent; (ii) a Registrar; and (iii) a Transfer Agent.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders in accordance with Condition 15.

(d) Non-Business Days

If any date for payment in respect of any Note is not a Business Day, the Noteholder shall not be entitled to payment until the next following Business Day and shall not be entitled to any interest or other sum in respect of such postponed payment.

7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Taxing Territory, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts of interest but not, for the avoidance of doubt, of principal as shall result in receipt by the Noteholders of such amounts of interest as would have been received by them had no such withholding or deduction been required by law to be made

(“**Additional Amounts**”), except that no such Additional Amounts shall be payable with respect to any Note:

(a) *Other connection*

in respect of which the relevant Certificate is presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with that Taxing Territory other than the mere holding of the Note; or

(b) *Lawful avoidance of withholding*

in respect of which the relevant Certificate is presented for payment by or on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption in the place where the relevant Certificate is presented for payment; or

(c) *Presentation more than 30 days after the Relevant Date*

in respect of which the relevant Certificate is presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder of it would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day after the Relevant Date; or

(d) *Any combination*

where such withholding or deduction arises out of any combination of paragraphs (a) to (c) above.

As used in these Conditions, “**Relevant Date**” in respect of any Note means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the relevant Certificate (if required) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to interest shall be deemed to include any Additional Amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

8. **Prescription**

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

9. Events of default and enforcement

(a) Rights to institute and/or prove in a winding-up

Notwithstanding any of the provisions below in this Condition 9, the right to institute winding-up proceedings is limited to circumstances where payment has become due and is not duly paid.

If default is made for a period of 14 days or more in the payment of any interest or principal due in respect of the Notes or any of them, the Trustee in its discretion may, and if so requested by Noteholders of at least one quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 9(d)) institute proceedings for the winding-up of the Issuer and/or prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer for such payment, but may take no further or other action to enforce, prove or claim for any such payment. No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to Condition 9(a), nor will the Trustee accept the same, otherwise than during or after a winding-up of the Issuer or after an administrator of the Issuer has given notice that it intends to declare and distribute a dividend, unless the Issuer has given prior written notice (with a copy to the Trustee) to, and received confirmation of consent or non-objection (if required) from, the Relevant Regulator, which the Issuer shall confirm in writing to the Trustee.

(b) Amount payable on winding-up or administration

If an order is made by the competent court or resolution passed for the winding-up of the Issuer (except, in any such case, a solvent winding-up, solely for the purpose of a reconstruction or amalgamation of the Issuer, the terms of which reconstruction or amalgamation (i) have previously been approved in writing by the Trustee or by an Extraordinary Resolution and (ii) do not provide that the Notes shall thereby become payable) or an administrator of the Issuer gives notice that it intends to declare and distribute a dividend, the Trustee at its discretion may, and if so requested by Noteholders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to Condition 9(d)), give notice to the Issuer (or, as applicable, the administrator or liquidator) that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount and any accrued interest, and the claim in respect thereof will be subordinated as provided in Condition 3(a).

(c) Enforcement

Without prejudice to Conditions 9(a) or 9(b), the Trustee may at its discretion and without further notice institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Trust Deed, or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed including, without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this Condition 9(c) shall, subject to Condition 9(a), prevent the Trustee instituting proceedings for the winding-up of the Issuer, proving in any winding-up of the Issuer and/or claiming in any liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including without limitation, payment of any principal or interest in respect of the Notes and any damages awarded for any breach of any obligations).

(d) Entitlement of the Trustee

The Trustee shall not be bound to take any of the actions referred to in Conditions 9(a), 9(b) or 9(c) to enforce the obligations of the Issuer under the Trust Deed or the Notes unless: (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding; and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(e) Right of Noteholders

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up or claim in the liquidation of the Issuer or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise as set out in this Condition 9.

(f) Extent of Noteholders' remedy

No remedy against the Issuer, other than as referred to in this Condition 9, shall be available to the Trustee or the Noteholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

10. Meetings of Noteholders, modification, waiver and substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate of interest in respect of the Notes or to vary the method or basis of calculating the rate or amount of interest or the basis for calculating any interest amount in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (vii) to modify Condition 3, in which case the necessary quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned meeting not less than one-third, in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The agreement or approval of the Noteholders shall not be required in the case of any variation of these Conditions and/or the Trust Deed made in the circumstances described in Condition 5(c) or 5(d) in connection with the substitution or variation of the Notes so that they remain or become Qualifying Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Conditions 5(c) or 5(d), as the case may be.

(b) Modification of the Trust Deed or the Agency Agreement

The Trustee may agree, without the consent of the Noteholders, to (i) any modification of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of these Conditions and the provisions of the Trust Deed or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and, unless the Trustee agrees otherwise, be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

(c) Notice to Relevant Regulator

No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless (to the extent then required by the Relevant Regulator or the Relevant Rules) the Issuer shall have given at least one month's prior written notice to, and received confirmation of consent or no objection from, the Relevant Regulator (or such other period of notice as the Relevant Regulator may from time to time require or accept) and the Issuer shall promptly provide a copy to the Trustee.

(d) Substitution

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution on a subordinated basis equivalent to that referred to in Condition 3 of any person or persons incorporated in any country in the world (the "**Substitute Obligor**") in place of the Issuer (or any previous Substitute Obligor under this Condition) as a new principal debtor under the Trust Deed and the Notes provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor, as the case may be);
- (ii) (unless the successor in business of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed and the Notes are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed and in a form and manner satisfactory to the Trustee, such guarantor shall not exercise rights of subrogation or contribution against the Substitute Obligor without the consent of the Trustee and the only event of default applying to such guarantor shall be an event of default equivalent to that set out in Condition 9(a);

- (iii) the directors of the Substitute Obligor or other officers acceptable to the Trustee certify that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer);
- (iv) (without prejudice to the rights of reliance of the Trustee under sub-paragraph (iii) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders;
- (v) (without prejudice to the generality of sub-paragraph (i) above) the Trustee may in the event of such substitution agree, without the consent of the Noteholders, to a change in the law governing the Trust Deed and/or the Notes, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders; and
- (vi) the Issuer and the Substitute Obligor comply with such other requirements as are reasonable in the interests of the Noteholders, as the Trustee may direct.

In connection with any proposed substitution as aforesaid, the Trustee shall have regard to the interests of the Noteholders as a class and the Trustee shall not have regard to the consequences of such substitution or such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any substitution or such exercise as aforesaid, no Noteholder shall be entitled to claim, whether from the Issuer, the Substitute Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Noteholders except to the extent already provided in Condition 7 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any substitution pursuant to this Condition 10 shall be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or confirmation of consent or non-objection from, the Relevant Regulator.

11. Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in Condition 10) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder or be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

12. Limitation on Trustee actions and indemnification of the Trustee

(a) Limitation on Trustee actions

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable

law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

(b) Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including (i) provisions relieving it from taking any action unless indemnified and/or secured and/or prefunded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

13. Replacement of Notes and Certificates

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Transfer Agent as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. Further issues

The Issuer may from time to time without the consent of the Noteholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

15. Notices

Notices to Noteholders shall be mailed to them at their respective addresses in the Register and, if and for so long as the Notes are admitted to trading on the London Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any notice shall be deemed to have been given on the second weekday (being a day other than a Saturday or a Sunday) after the date of mailing or on the date of publication, or, if published more than once or on different dates, on the first date on which publication is made.

16. **Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17. **Definitions**

As used herein:

“**Additional Amounts**” has the meaning given to it in Condition 7;

“**Amendment Effective Date**” means 15 November 2018;

“**Additional Tier 1 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Relevant Rules);

“**Authorised Signatory**” has the meaning given to it in the Trust Deed;

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business:

- (i) (in the case of Condition 2(b)) in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be);
- (ii) (in the case of Condition 6(d)) in the relevant place of presentation; or
- (iii) (in any other case) in London and New York;

A “**Capital Disqualification Event**” shall be deemed to have occurred if at any time the Issuer determines that there is a change (which has occurred and which the Relevant Regulator considers to be sufficiently certain) in the regulatory classification of the relevant series of the Notes, in any such case becoming effective on or after the Amendment Effective Date, that results, or would be likely to result, in the entire principal amount of such series of the Notes being excluded from the Tier 2 Capital of the Issuer and/or the Group, and, for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the CRD IV Regulation (or any equivalent or successor provision) shall not constitute a Capital Disqualification Event;

“**CRD IV**” means the legislative package consisting of the CRD IV Directive and the CRD IV Regulation;

“**CRD IV Directive**” means the Directive (2013/36/EU) of the European Parliament and of the Council on the access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time;

“**CRD IV Regulation**” means the Regulation (EU No. 575/2013) of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms dated 26 June 2013, as amended or replaced from time to time;

“**Directors**” means the directors of the Issuer;

“Existing Undated Tier 2 Notes” means the 6.75 per cent. sterling fixed rate subordinated perpetual notes originally issued by SL Finance plc (which was subsequently substituted for the Issuer) on 12 July 2002 (ISIN: XS0151267878);

“Extraordinary Resolution” has the meaning given to it in the Trust Deed;

“Group” means, at any time, the Issuer and its Subsidiaries at such time;

“Interest Payment Date” means 30 June and 30 December in each year, from (and including) 30 June 2018 to (and including) the Maturity Date;

“Interest Rate” means 4.25 per cent. per annum;

“Issue Date” means 18 October 2017, being the date of the initial issue of the Notes;

“Junior Securities” has the meaning given to it in Condition 3(a);

“Maturity Date” means 30 June 2028;

“Pari Passu Creditors” means creditors of the Issuer whose claims rank, or are expressed to rank, *pari passu* with, the claims of the Noteholders, including holders of Pari Passu Securities;

“Pari Passu Securities” has the meaning given to it in Condition 3(a);

“Qualifying Tier 2 Securities” means securities issued (including by way of exchange, conversion or otherwise) directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to that referred to in Condition 3 and in the Trust Deed) that:

- (i) have terms not materially less favourable to a holder than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank of international standing, provided that they shall (1) contain terms which comply with the Relevant Rules (on the basis that the Notes are intended to qualify as Tier 2 Capital), (2) carry the same rate of interest from time to time as that applying to the Notes, (3) rank senior to, or *pari passu* with, the Notes, and (4) preserve any existing rights under these Conditions to any accrued interest which has not been paid; and
- (ii) are listed or admitted to trading on the regulated market of the London Stock Exchange or such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and notified in writing to the Trustee,

and provided that a certification to the effect of (i) above, signed by two Authorised Signatories, shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further investigation and without liability to any person) prior to the issue of the relevant securities;

“Recognised Stock Exchange” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

“Record Date” has the meaning given to it in Condition 6(a);

“Regulatory Approval” means, in respect of any action, such supervisory permission required within prescribed periods from, the Relevant Regulator, or such waiver of the then prevailing Relevant Rules from the Relevant Regulator (if any), as is required under the then prevailing Relevant Rules;

“Regulatory Preconditions” means, in relation to any redemption or purchase of the Notes, to the extent required by the Relevant Rules:

- (i) the Group having replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Group; or
- (ii) the Issuer having demonstrated to the satisfaction of the Relevant Regulator that the own funds of the Group would, following such redemption or purchase, exceed its minimum capital requirements (including any capital buffer requirements) by a margin that the Relevant Regulator considers necessary at such time.

In addition, if at the time of such redemption, the Relevant Rules permit the redemption or purchase after compliance with one or more alternative or additional pre-conditions to those set out in this definition, the Issuer having complied with such other pre-condition(s).

“Relevant Date” has the meaning given to it in Condition 7;

“Relevant Regulator” means the UK Financial Conduct Authority or such successor or other authority having primary supervisory authority with respect to prudential matters in relation to the Issuer and/or the Group;

“Relevant Rules” means, at any time, any legislation, rules, guidelines or regulations (whether having the force of law or otherwise) then applying to the Issuer or the Group relating, but not limited to, to own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing) and without limitation to the foregoing, includes (to the extent then applying as aforesaid) CRD IV and any legislation, rules, guidelines or regulations of the Relevant Regulator relating to such matters;

“Senior Creditors” means: (a) creditors of the Issuer who are unsubordinated creditors of the Issuer; and (b) other creditors of the Issuer whose claims are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than those: (A) whose claims are in respect of instruments or obligations which constitute: (i) Additional Tier 1 Capital; or (ii) Tier 2 Capital; or (B) whose claims otherwise rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Noteholders);

“Subsidiary” has the meaning given to it under section 1159 of the Companies Act 2006 (as amended from time to time);

“successor in business” has the meaning given to it in the Trust Deed;

“Tax Law Change” has the meaning given to it in Condition 5(c);

“Taxing Territory” means the United Kingdom or any political subdivision or authority therein or thereof having power to tax, or any other territory or any political subdivision or authority thereof or therein having power to tax to whose taxing jurisdiction the Issuer becomes generally subject;

“**Tier 2 Capital**” has the meaning given to it for the purposes of the Relevant Rules from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules);

“**UK Listing Authority**” means the UK Financial Conduct Authority in its capacity as UK listing authority for the purposes of the Financial Services and Markets Act 2000 (as amended) (“**FSMA**”) or any successor authority or authorities appointed as the competent UK listing authority for the purposes of Part VI (Official Listing) of FSMA or otherwise;

“**United Kingdom**” or “**UK**” means the United Kingdom of Great Britain and Northern Ireland;

“**U.S.**” means the United States of America; and

“**USD**” and “**\$**” means the lawful currency of the United States of America.

18. Governing law and jurisdiction

(a) Governing law

The Trust Deed and the Notes and any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes are governed by, and shall be construed in accordance with, English law, save that the provisions of Condition 3 (and the related provisions of the Trust Deed) relating to the status and subordination of the Notes shall be governed by and construed in accordance with Scots law.

(b) Jurisdiction

The Issuer has in the Trust Deed: (i) agreed for the benefit of the Trustee and the Noteholders that the Courts of England shall have exclusive jurisdiction to settle any dispute (a “**Dispute**”) arising from or connected with the Notes; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; and (iii) consented to the enforcement of any judgment. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute (“**Proceedings**”) in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.