

CONFORMED COPY

SECOND SUPPLEMENTAL TRUST DEED

28 JUNE 2021

between

HISCOX LTD

and

CITICORP TRUSTEE COMPANY LIMITED

modifying the terms and conditions of the

£275,000,000 Fixed to Floating Rate Callable Subordinated Notes due 2045

(ISIN: XS1323450236)

**and the Trust Deed dated 24 November 2015
constituting such Notes**

ALLEN & OVERY

Allen & Overy LLP

0086162-0000017 UKO2: 2002540021.9

CONTENTS

Clause	Page
1. Interpretation	1
2. Modification of the Conditions and the Trust Deed	2
3. Indemnity.....	2
4. General	2
 Schedule	
1. Amended and Restated Terms and Conditions.....	4

THIS SECOND SUPPLEMENTAL TRUST DEED is made on 28 June 2021

BETWEEN:

- (1) **HISCOX LTD**, a company incorporated under the laws of Bermuda, whose principal office is at Chesney House, 96 Pitts Bay Road, Pembroke HM 08, Bermuda (the “**Issuer**”); and
- (2) **CITICORP TRUSTEE COMPANY LIMITED**, a company incorporated under the laws of England, whose registered office is at Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB (the “**Trustee**”, which expression, where the context so admits, includes any other trustee for the time being of the Trust Deed (as defined below)).

WHEREAS:

- (A) This Second Supplemental Trust Deed is supplemental to the trust deed dated 24 November 2015 relating to the constitution and issue by the Issuer of £275,000,000 in aggregate principal amount of Fixed to Floating Rate Callable Subordinated Notes due 2045 (ISIN: XS1323450236) (the “**Notes**”) and made between the Issuer and the Trustee, as amended, restated, modified and/or supplemented from time to time (including by the First Supplemental Trust Deed dated 3 June 2021) (the “**Trust Deed**”).
- (B) The Notes were issued on 24 November 2015 and remain outstanding in full as at the date hereof. The terms and conditions of the Notes (the “**Conditions**”, and references to a numbered “**Condition**” should be read accordingly) are set out in Part B of Schedule 2 to the Trust Deed.
- (C) Pursuant to Condition 11 (*Meetings of Noteholders, Modification, Waiver and Substitution*) and Schedule 3 (*Provisions for Meetings of Noteholders*) of the Trust Deed, holders of the Notes presently outstanding have, by way of an Extraordinary Resolution passed on 28 June 2021 (the “**Extraordinary Resolution**”), *inter alia*, (i) approved the modification of the Conditions of the Notes with effect on and from the Implementation Date (as defined below), and certain consequential or related amendments to the Trust Deed as any of the same may from time to time be modified or amended and restated in accordance with the Trust Deed; and (ii) authorised, requested and directed the Trustee to enter into this Second Supplemental Trust Deed to effect such amendments.
- (D) The supplemental trust deed referred to in the Extraordinary Resolution was a draft of this Second Supplemental Trust Deed.
- (E) Until the expiry of the period of 40 days after the date of this Second Supplemental Trust Deed, sales of the Notes may not be made in the United States or to U.S. persons (as defined in Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”)) unless made outside the United States pursuant to Rule 903 and 904 of Regulation S under the Securities Act.

THIS SECOND SUPPLEMENTAL TRUST DEED WITNESSES AND IT IS DECLARED as follows:

1. INTERPRETATION

1.1 Definitions and Construction

Except as provided herein, all words and expressions defined or attributed a particular meaning in the Trust Deed shall have the same meaning in this Second Supplemental Trust Deed.

1.2 Headings

Headings shall be ignored in construing this Second Supplemental Trust Deed.

2. MODIFICATION OF THE CONDITIONS AND THE TRUST DEED

In accordance with the Extraordinary Resolution, on and from 28 June 2021 (the “**Implementation Date**”):

2.1 the Conditions in respect of the Notes are hereby modified such that the Notes shall have the Conditions set out in the Schedule to this Second Supplemental Trust Deed in place of those set out in Part B of Schedule 2 to the Trust Deed; and

2.2 Clause 7.2 of the Trust Deed is hereby modified by the insertion of the following text as a new second sentence (after the words “manifest error.” and before the words “Any such modification”):

“In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.9, without the consent of the Noteholders.”

3. INDEMNITY

Without limiting Clause 11.1.6 (*Indemnity*) of the Trust Deed, the Issuer shall indemnify the Trustee (a) in respect of all duly documented Liabilities properly incurred by it or by any Appointee in connection with the Extraordinary Resolution and/or in the execution or reasonably purported execution of the trusts, powers, authorities or discretions vested in it by this Second Supplemental Trust Deed and (b) against all duly documented Liabilities in respect of any matter or thing properly done or omitted in any way relating to the Extraordinary Resolution and/or this Second Supplemental Trust Deed provided that it is expressly stated that Clause 10.5 (*Trustee Liability*) of the Trust Deed shall apply in relation to these provisions.

4. GENERAL

4.1 A person who is not a party to this Second Supplemental Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Second Supplemental Trust Deed except and to the extent that the Trust Deed, as modified by this Second Supplemental Trust Deed, expressly provides for such Act to apply to any of its terms. The consent of any person who is not a party to this Second Supplemental Trust Deed is not required to rescind or vary this Second Supplemental Trust Deed at any time.

4.2 This Second Supplemental Trust Deed may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same Second Supplemental Trust Deed and any party to this Second Supplemental Trust Deed may enter into this Second Supplemental Trust Deed by executing and delivering a counterpart.

4.3 The Trust Deed shall henceforth be read and construed as one document with this Second Supplemental Trust Deed.

4.4 The provisions of the Trust Deed as modified by this Second Supplemental Trust Deed shall be valid and binding obligations of each of the Issuer and the Trustee. Save as expressly set out above, all terms and conditions of the Trust Deed shall remain in full force and effect.

4.5 A memorandum of this Second Supplemental Trust Deed shall be endorsed by the Trustee on the Trust Deed and by the Issuer on any duplicate it may hold (if any) of the Trust Deed.

- 4.6 This Second Supplemental Trust Deed, and any non-contractual obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, English law, save that Condition 2 of the Notes shall be governed by the laws of Bermuda.
- 4.7 Clauses 14.2 to 14.5 (each inclusive) of the Trust Deed shall apply *mutatis mutandis* to this Second Supplemental Trust Deed as if set out herein.

IN WITNESS whereof this Second Supplemental Trust Deed has been executed and delivered as a deed on the date stated at the beginning.

SCHEDULE 1

AMENDED AND RESTATED TERMS AND CONDITIONS

The following, subject to alteration and completion, are the terms and conditions of the Notes, as amended with effect on and from 28 June 2021 pursuant to an Extraordinary Resolution passed by the Noteholders on 28 June 2021, which will be endorsed on each Note Certificate in definitive form (if issued).

The issue of the £275,000,000 Fixed to Floating Rate Callable Subordinated Notes due 2045 (the “**Notes**”) of Hiscox Ltd (the “**Issuer**”), a Bermuda exempted company, was authorised by a resolution of the Board of Directors of the Issuer passed on 15 October 2015 and a resolution of a duly appointed Committee thereof dated 19 November 2015. The Notes are constituted by a trust deed (the “**Trust Deed**”) dated 24 November 2015 (as amended, restated or supplemented from time to time, including by the First Supplemental Trust Deed dated 3 June 2021 and the Second Supplemental Trust Deed dated 28 June 2021) between the Issuer and Citicorp Trustee Company Limited (the person or persons for the time being the trustee or trustees under the Trust Deed, the “**Trustee**”) as trustee for the Holders (as defined below) of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. The Notes are the subject of an agency agreement (the “**Agency Agreement**”) dated 24 November 2015 between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the “**Principal Paying Agent**”), Citibank, N.A., London Branch as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”), Citigroup Global Markets Deutschland AG as the initial registrar (the person for the time being the registrar under the Agency Agreement, the “**Registrar**”), the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the “**Transfer Agent(s)**”) and the Trustee.

Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents and any other paying agents for the time being (the “**Paying Agents**”, which expression shall include the Principal Paying Agent). The Holders 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 and Denomination**

The Notes are issued in registered form, in the denominations of £100,000 and integral multiples of £1,000 in excess thereof (each, an “**Authorised Denomination**”).

A certificate (each, a “**Note Certificate**”) will be issued to each Noteholder (as defined below) in respect of its registered holding. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register (as defined below).

2 **Status**

2.1 **Ranking and rights on a winding-up of the Issuer**

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 (other than an Approved Winding-up) 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 rights and claims of the Noteholders (and the Trustee on their behalf) against the Issuer in respect

of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note together with any Arrears of Interest, any other accrued and unpaid interest and any damages awarded for breach of any obligations in respect of such Note, provided however that such rights and claims shall:

- (a) be subordinated in the manner provided in the Trust Deed to the claims of all Senior Creditors of the Issuer;
- (b) rank at least *pari passu* with all claims in respect of: (i) all other obligations of the Issuer which constitute, and all obligations pursuant to a subordinated guarantee or other like or similar undertaking or arrangement given or undertaken by the Issuer in respect of any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital and all other obligations which rank, or are expressed to rank, *pari passu* therewith; and (ii) all other obligations of the Issuer (including, without limitation, obligations pursuant to a subordinated guarantee or other like or similar undertaking or arrangement) which rank, or are expressed to rank, *pari passu* with the Notes (together, “**Pari Passu Obligations**”); and
- (c) rank in priority to the claims of holders in respect of: (i) all obligations of the Issuer which constitute, and all obligations pursuant to a subordinated guarantee or other like or similar undertaking or arrangement given or undertaken by the Issuer in respect of any obligations of any other person which constitute, or (in either case) would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith (including, without limitation, by virtue of the operation of any grandfathering provisions under any Relevant Rules); (ii) all other obligations of the Issuer (including, without limitation, obligations pursuant to a subordinated guarantee or other like or similar undertaking or arrangement) which rank, or are expressed to rank, junior to the claims in respect of the Notes; and (iii) all classes of share capital of the Issuer (together, “**Junior Obligations**”).

2.2 **Solvency Condition**

Except in a winding-up or administration of the Issuer where Condition 2.1 above applies, all payments under or arising from the Notes and the Trust Deed (including any damages awarded for breach of any obligations in respect thereof) shall be conditional upon the Issuer being solvent at the time for payment by the Issuer, and no amount shall be payable under or arising from the Notes or the Trust Deed unless and until the Issuer could make such payment and still be solvent immediately thereafter (the “**Solvency Condition**”). Any payment which is not made due to operation of the Solvency Condition will be deferred, as further provided in Condition 5.4 and Condition 6.

For the purposes of this Condition 2.2, the Issuer will be “**solvent**” if (i) it is able to pay its debts owed to Senior Creditors and in respect of Pari Passu Obligations as they fall due and (ii) its Assets exceed its Liabilities.

A certificate as to the solvency of the Issuer signed by two Directors or, if there is a winding-up or administration of the Issuer, by two directors or authorised signatories of the liquidator or, as the case may be, the administrator of the Issuer, shall be treated and accepted by the Issuer and the Trustee as correct and sufficient evidence thereof, shall be binding on the Noteholders, and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 as soon as reasonably practicable after it has determined that any

payment (in whole or in part) will be deferred due to the operation of the Solvency Condition (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such payment becoming due on the originally scheduled payment date).

2.3 *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 the extent permitted by law, 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.

For the purposes of this Condition 2, the expression “**obligations**” includes any direct or indirect obligations of the Issuer and whether by way of guarantee, indemnity, other contractual support arrangement or otherwise and regardless of name or designation.

3 **Register, Title and Transfers**

3.1 *Register*

The Registrar will maintain outside the United Kingdom a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

3.2 *Title*

The Holder of each Note shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any notice of any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

3.3 *Transfers*

Subject to Conditions 3.6 and 3.7 below, a Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the specified office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; provided, however, that a Note may not be transferred unless the principal amount of Notes transferred and (where not all of the Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Denominations. Where not all the Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Notes will be issued to the transferor.

3.4 *Registration and delivery of Note Certificates*

Within five business days of the surrender of a Note Certificate in accordance with Condition 3.3 above, the Registrar will register the transfer in question and deliver a new Note Certificate of an identical principal amount to the Notes transferred to each relevant Holder at its specified office or (as the case may be) the specified office of any Transfer Agent or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its specified office.

3.5 *No charge*

The transfer of a Note will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.

3.6 *Closed periods*

Noteholders may not require transfers to be registered (i) during the period of 15 days ending on the due date for any payment of principal in respect of the Notes or ending on any Record Date, (ii) during the period of 15 days prior to (and including) any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.3, (iii) after the Notes have been called for redemption and (iv) during the period following delivery of a notice of a payment of Arrears of Interest in accordance with Condition 5.4 and Condition 16 and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

3.7 *Regulations concerning transfers and registration*

All transfers of Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests in writing a copy of such regulations.

4 *Interest*

4.1 *Interest Rate and Interest Payment Dates*

Each Note bears interest on its outstanding principal amount from (and including) the Issue Date at the applicable Interest Rate in accordance with these Conditions.

Subject to Condition 2.2 and Condition 5, interest shall be payable on the Notes:

- (a) annually in arrear on each Fixed Interest Payment Date up to (and including) the First Call Date; and
- (b) after the First Call Date, quarterly in arrear on each Floating Interest Payment Date.

4.2 *Interest Accrual*

Each Note will cease to bear interest from (and including) its due date for redemption pursuant to Condition 6 (which due date shall, in the event of deferral of a redemption date pursuant to Condition 2.2 or Condition

6.1(b), be the latest date to which redemption of the Notes is so deferred in accordance with Condition 6), or the date of substitution thereof pursuant to Condition 6.4(b) or 6.5(b), as the case may be, 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.

4.3 *Calculation of Interest*

The amount of interest which (subject to Condition 2.2 and Condition 5) shall be payable in respect of each Calculation Amount on each Interest Payment Date falling on or prior to the First Call Date will be £61.25.

Where, prior to the First Call Date, it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete year, the relevant day count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the year in which the relevant period falls (including the first such day but excluding the last).

Where interest is to be calculated in respect of any period commencing on or after the First Call Date, the applicable day count fraction will be the actual number of days in the relevant Interest Period divided by 365.

Interest in respect of any Note shall be calculated per Calculation Amount and shall be equal to the product of the Calculation Amount, the relevant Interest Rate and the applicable day count fraction as described above in this Condition 4.3 for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of a Note shall be the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

4.4 *Fixed Interest Rate*

The rate of interest on the Notes from (and including) the Issue Date to (but excluding) the First Call Date is 6.125 per cent. per annum (the “**Fixed Interest Rate**”).

4.5 *Floating Interest Rate*

The rate of interest on the Notes for an Interest Period commencing on or after the First Call Date (each a “**Floating Interest Rate**”) shall, subject to Condition 4.9 below, be equal to the sum of (i) Compounded Daily SONIA applicable to such Interest Period, determined as provided below, (ii) the reference rate adjustment of 0.1193 per cent. per annum (the “**Reference Rate Adjustment**”), (iii) the initial margin of 4.076 per cent. per annum and (iv) the step-up margin of 1.00 per cent. per annum, all as determined by the Agent Bank as at the Interest Determination Date applicable to such Interest Period.

For the purposes of this Condition 4.5:

“**Compounded Daily SONIA**” means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the daily sterling overnight reference rate as reference rate for the calculation of interest) and will be calculated by the Agent Bank as at the relevant Interest Determination Date as follows (and the resulting percentage will be rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards):

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{SONIA_i \times n_i}{365} \right) - 1 \right] \times \frac{365}{d}$$

where:

“ <i>d</i> ”	means the number of calendar days in the relevant Interest Period;
“ <i>d₀</i> ”	means the number of London Business Days in the relevant Interest Period;
“ <i>i</i> ”	means a series of whole numbers from one to ‘ <i>d₀</i> ’, each representing the relevant London Business Days in chronological order from (and including) the first London Business Day in the relevant Interest Period;
“ Interest Determination Date ”	means, in respect of any Interest Period, the day falling five London Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) (if applicable) such earlier date, if any, on which the relevant payment of interest falls due;
“ London Business Day ”	means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;
“ <i>n_i</i> ”	means, in relation to any London Business Day ‘ <i>i</i> ’, the number of calendar days from (and including) such London Business Day ‘ <i>i</i> ’ up to (but excluding) the following London Business Day;
“ Observation Period ”	means, in respect of the relevant Interest Period, the period from (and including) the date falling ‘ <i>p</i> ’ London Business Days prior to the first day of such Interest Period (and the first such Interest Period shall begin on and include the First Call Date) to (but excluding) the date falling ‘ <i>p</i> ’ London Business Days prior to (A) the Interest Payment Date for such Interest Period, or (B) (if applicable) such earlier date, if any, on which the relevant payment of interest falls due;
“ <i>p</i> ”	means five London Business Days;
“ Relevant Screen Page ”	means Reuters Screen SONIA page (or any replacement or successor page);
the “ SONIA reference rate ”	in respect of any London Business Day, is a reference rate equal to the daily Sterling Overnight Index Average (“ SONIA ”) rate for such London Business 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) on the London Business Day immediately following such London Business Day; and
“ SONIA_{<i>i</i>} ”	means the SONIA reference rate for the London Business Day falling ‘ <i>p</i> ’ London Business Days prior to the relevant London Business Day ‘ <i>i</i> ’.

Subject to the provisions of Condition 4.9, if, in respect of any London Business Day in the relevant Observation Period, the Agent Bank determines that the SONIA reference rate is not available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be the rate determined by the Agent Bank as being the sum of:

- (x) the Bank of England’s Bank Rate (the “**Bank Rate**”) prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on the relevant London Business Day; plus

- (y) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Business Days on which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads).

Subject to the provisions of Condition 4.9, if the Floating Interest Rate for an Interest Period cannot be determined in accordance with the foregoing provisions of this Condition 4.5, the Floating Interest Rate for such Interest Period shall be the rate determined by the Agent Bank as being:

- (I) the Floating Interest Rate determined as at the Interest Determination Date for the last preceding Interest Period; or
- (II) if there is no such preceding Interest Determination Date, the sum of (A) 6.125 per cent. per annum and (B) 1.00 per cent. per annum, with such sum being converted from an annual to a quarterly basis by the Agent Bank in accordance with the instructions of the Issuer (which instructions shall, in the absence of manifest error, be final and binding upon all parties), rounded to the nearest 0.001 per cent., with 0.0005 per cent. being rounded upwards.

If the Notes become due and payable in accordance with Condition 10, the final Floating Interest Rate shall be calculated for the Interest Period to (but excluding) the date on which the Notes become so due and payable, and such Floating Interest Rate shall continue to apply to the Notes for so long as interest continues to accrue thereon as provided in the Trust Deed.

4.6 Determination of Floating Interest Rates and Interest Amounts

The Agent Bank will on each Interest Determination Date determine the Floating Interest Rate applicable to the relevant Interest Period and calculate the amount of interest (the “**Interest Amount**”) which (subject to Condition 2.2 and Condition 5) shall be payable in respect of such Interest Period.

4.7 Publication of Floating Interest Rates and Interest Amounts

The Agent Bank shall cause notice of each Floating Interest Rate and Interest Amount determined in accordance with this Condition 4 to be given to the Trustee, the Registrar, the Principal Paying Agent, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 16, the Holders, as soon as practicable after their determination but in any event not later than the second London Business Day thereafter. The Interest Payment Date, Floating Interest Rate and/or Interest Amount so published may subsequently be amended (or appropriate arrangements made by way of adjustment) in the event of an extension or shortening of the relevant Interest Period.

4.8 Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4, by the Agent Bank shall (in the absence of wilful default or manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default) no liability to the Issuer, the Trustee or the Noteholders shall attach to the Agent Bank in connection with the exercise by it of any of its powers, duties and discretions under this Condition 4.

4.9 **Benchmark discontinuation**

If a Benchmark Event occurs in relation to an Original Reference Rate when any Floating Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the Notes:

- (a) The Issuer shall use reasonable endeavours to appoint an Independent Adviser, at the Issuer's own expense and as soon as reasonably practicable, to determine a Successor Reference Rate or, if such Independent Adviser is unable so to determine a Successor Reference Rate, an Alternative Reference Rate and, in each case, the Adjustment Spread and any Benchmark Amendments (in any such case, acting in good faith and in a commercially reasonable manner) for the purposes of determining all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.9).
- (b) An Independent Adviser appointed pursuant to this Condition 4.9 shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 4.9.
- (c) Subject to Condition 4.9(l) below, if the relevant Independent Adviser (acting in good faith and in a commercially reasonable manner), no later than five Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**IA Determination Cut-off Date**"), determines:
 - (i) there is a Successor Reference Rate, then such Successor Reference Rate (as adjusted by the applicable Adjustment Spread) shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.9); or
 - (ii) there is no Successor Reference Rate but that there is an Alternative Reference Rate, then such Alternative Reference Rate (as adjusted by the applicable Adjustment Spread) shall subsequently be used in place of the Original Reference Rate to determine the Floating Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.9).
- (d) Subject to Condition 4.9(l) below, if the Issuer is unable to appoint an Independent Adviser, or the appointed Independent Adviser fails to determine a Successor Reference Rate or an Alternative Reference Rate and, in each case, the Adjustment Spread and any Benchmark Amendments (if any) prior to the relevant IA Determination Cut-off Date, then the Issuer (acting in good faith and in a commercially reasonable manner), no later than three Business Days prior to the Interest Determination Date relating to the next Interest Period (the "**Issuer Determination Cut-off Date**"), may determine a Successor Reference Rate or, if the Issuer fails so to determine a Successor Reference Rate, an Alternative Reference Rate (as applicable) and, in each case, the Adjustment Spread and any Benchmark Amendments (if any) (with the relevant provisions in this Condition 4.9 applying *mutatis mutandis* to allow such determination to be made by the Issuer and not by an Independent Adviser) for the purposes of determining the Floating Interest Rate (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.9). In the absence of bad faith or fraud, the Issuer shall have no liability whatsoever to the Trustee, the Paying Agents or the Noteholders for any determination made by it pursuant to this Condition 4.9 in the circumstances provided in this paragraph (d).

- (e) If the Issuer is unable to appoint an Independent Adviser, or the appointed Independent Adviser fails to determine a Successor Reference Rate or an Alternative Reference Rate and the Adjustment Spread and any Benchmark Amendments (if any) prior to the relevant IA Determination Cut-off Date, and subsequently the Issuer fails to determine a Successor Reference Rate or an Alternative Reference Rate and, in each case, the Adjustment Spread and any Benchmark Amendments (if any) in accordance with paragraph (d) of this Condition 4.9 prior to the Issuer Determination Cut-off Date, the Floating Interest Rate applicable to the next succeeding Interest Period shall be equal to the Floating Interest Rate determined as at the Interest Determination Date for the last preceding Interest Period or, in the case of the first Interest Determination Date, the Floating Interest Rate shall be the sum of (A) 6.125 per cent. per annum and (B) 1.00 per cent. per annum, with such sum being converted from an annual to a quarterly basis by the Agent Bank in accordance with the instructions of the Issuer (which instructions shall, in the absence of manifest error, be final and binding upon all parties), rounded to the nearest 0.001 per cent., with 0.0005 per cent. being rounded upwards. This paragraph shall apply to the relevant Interest Period only. Any subsequent Interest Period(s) shall be subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.9.
- (f) If the relevant Independent Adviser or the Issuer (as applicable) determines a Successor Reference Rate or Alternative Reference Rate (as applicable) in accordance with this Condition 4.9, it shall also determine the applicable Adjustment Spread (which may be positive, negative or zero or may be a formula or methodology for determining the spread). Such Adjustment Spread shall be applied to such Successor Reference Rate or Alternative Reference Rate (as applicable).
- (g) Without prejudice to the definitions thereof, for the purposes of determining a Successor Reference Rate or Alternative Reference Rate and, in either case, the Adjustment Spread and any Benchmark Amendments (if any), the Independent Adviser or the Issuer (as applicable) will take into account relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets and such other materials as the Independent Adviser or the Issuer (as applicable), in its sole discretion, considers appropriate.
- (h) Promptly following the determination of any Successor Reference Rate or Alternative Reference Rate (as applicable) and, in either case, the Adjustment Spread as described in this Condition 4.9, the Issuer shall (i) give written notice thereof and of any Benchmark Amendments to the Trustee, the Principal Paying Agent, the Agent Bank and the Noteholders and (ii) (if applicable) deliver to the Trustee a Benchmark Amendments Certificate. Such notice shall be irrevocable and shall specify the effective date of the changes to the calculation of the Floating Interest Rate and of any Benchmark Amendments (if any).
- (i) The Trustee and the Principal Paying Agent shall, at the direction and expense of the Issuer and without any need for the consent or approval of the Noteholders, be obliged to consent to any waivers and consequential amendments to the Trust Deed, the Agency Agreement, these Conditions and any other document as may be required to give effect to any application of this Condition 4.9 and which are set out in a Benchmark Amendments Certificate (such amendments, the “**Benchmark Amendments**”), including, but not limited to:
- (i) changes to these Conditions which the relevant Independent Adviser or the Issuer (as applicable) determines may be required in order to follow market practice (determined according to factors including, but not limited to, public statements, opinions and publications of industry bodies and organisations) in relation to such Successor Reference Rate or Alternative Reference Rate (as applicable), including, but not limited to (A) the relevant Business Day, day count fraction, Interest Determination Date, and/or Relevant

Screen Page applicable to the Notes and (B) the method for determining the fallback to the Floating Interest Rate in relation to the Notes if such Successor Reference Rate or Alternative Reference Rate (as applicable) is not available; and

- (ii) any other changes which the relevant Independent Adviser or the Issuer (as applicable) determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Reference Rate or Alternative Reference Rate (as applicable).

As used herein, a “**Benchmark Amendments Certificate**” means a certificate signed by two Directors to the Trustee and the Principal Paying Agent confirming that (i) a Benchmark Event has occurred and (ii) the Benchmark Amendments set out in such certificate are required to give effect to any application of this Condition 4.9. The Trustee and the Principal Paying Agent shall be entitled to rely on a Benchmark Amendments Certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders or any other person for so acting or relying, irrespective of whether any such Benchmark Amendments are or may be materially prejudicial to the interests of any such person. Such changes, when implemented, shall apply to all future payments of interest on the Notes (subject to the subsequent further operation of this Condition 4.9).

- (j) Notwithstanding the foregoing, neither the Trustee nor the Principal Paying Agent shall be obliged to agree to any Benchmark Amendments under this this Condition 4.9 if in the sole opinion of the Trustee or the Principal Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities (compared to those under the Trust Deed or the Agency Agreement, as applicable) or reduce rights and/or the protective provisions afforded to it in these Conditions, the Trust Deed or the Agency Agreement.

No consent of the Noteholders shall be required in connection with implementing or giving effect to any Successor Reference Rate, Alternative Reference Rate, Adjustment Spread and/or Benchmark Amendments, including for the execution of, or amendment to, any documents (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) or the taking of other steps by the Issuer or any of the parties to the Trust Deed and/or the Agency Agreement (if required) in connection therewith.

- (k) Notwithstanding any other provision of this Condition 4.9, no Successor Reference Rate or Alternative Reference Rate will be adopted, nor will the applicable Adjustment Spread be applied nor any Benchmark Amendments be made, if and to the extent that, in the sole determination of the Issuer, the same could reasonably be expected to cause a Capital Disqualification Event to occur or to prejudice the qualification of the Notes as Tier 2 Capital of the Issuer or of the Group for the purposes of the Relevant Rules.
- (l) Notwithstanding any other provision of this Condition 4.9, no modification to these Conditions or any other provisions of the Trust Deed pursuant to this Condition 4.9 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 (or such other period of notice as may then be required or accepted by the Relevant Regulator or the Relevant Rules) to, and received consent or no objection from, the Relevant Regulator.
- (m) As used in this Condition 4.9:

“Adjustment Spread” means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser, or the Issuer (as applicable) determines, is required to be applied to a Successor Reference Rate or an Alternative Reference Rate (as applicable), being the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) in the case of a Successor Reference Rate for which no such recommendation or option under (i) above has been made available or in the case of an Alternative Reference Rate, the Independent Adviser or the Issuer (as applicable) determines is customarily applied to the relevant Successor Reference Rate or the Alternative Reference Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate (or otherwise reflects an industry-accepted rate, formula or methodology for such purpose);
- (iii) in the case that the Independent Adviser or the Issuer (as applicable) determines that there is no applicable spread, formula or methodology under paragraphs (i) or (ii) above, the Independent Adviser or the Issuer (as applicable) (acting in good faith and in a commercially reasonable manner), determines to be appropriate having regard to the objective, so far as is reasonably practicable in the circumstances and solely for the purposes of this paragraph (iii), of reducing or eliminating any economic prejudice or benefit (as the case may be) to the Noteholders;

“Alternative Reference Rate” means an alternative benchmark or screen rate which the Independent Adviser or the Issuer (as applicable) determines in accordance with Condition 4.9 is customarily applied, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining floating rates of interest in respect of notes denominated in pounds sterling and of a comparable duration to the relevant Interest Period;

“Benchmark Event” means, with respect to an Original Reference Rate, any one or more of the following:

- (i) the Original Reference Rate ceasing to exist or to be published or administered on a permanent or indefinite basis;
- (ii) the making of a public statement by the administrator of the Original Reference Rate that it has ceased or will cease to publish the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate);
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued;
- (iv) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market or that its use will be subject to restrictions or adverse consequences, in each case in circumstances where the same shall be applicable to the Notes; or

- (v) it has or will prior to the next Interest Determination Date become unlawful for the Issuer or the Agent Bank to calculate any interest payment due to be made to Noteholders using the Original Reference Rate (including, without limitation and if applicable, under the Benchmarks Regulation (EU) 2016/1011, including as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018),

provided that in the case of paragraphs (ii) to (iv) above, the Benchmark Event shall occur on:

- (A) in the case of (ii) above, the date of the cessation of the publication of the Original Reference Rate;
- (B) in the case of (iii) above, the date of the discontinuation of the Original Reference Rate; or
- (C) in the case of (iv) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative of its underlying market or its use becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (A), (B) or (C) above, as applicable);

“Independent Adviser” means an independent financial institution of international repute or other independent adviser with appropriate expertise, appointed by the Issuer at its own expense;

“Original Reference Rate” means the originally specified reference rate (being SONIA) used to determine the Floating Interest Rate (or any component part thereof) for the relevant period (provided that if, following one or more Benchmark Events, such originally specified reference rate (or any Successor Reference Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Reference Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Reference Rate or Alternative Reference Rate, the term “Original Reference Rate” shall be deemed to include any such Successor Reference Rate or Alternative Reference Rate);

“Relevant Nominating Body” means, in respect of any Original Reference Rate:

- (i) the central bank for the currency to which such Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate; or
- (ii) any working group or committee established, approved or sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such Original Reference Rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such Original Reference Rate, (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof; and

“Successor Reference Rate” means the rate which has been formally published, endorsed, approved, recommended or recognised as a successor or replacement to the relevant Original Reference Rate by any Relevant Nominating Body.

5 **Deferral of Payments**

5.1 *Optional Deferral of Interest*

In respect of any Interest Payment Date that is not a Compulsory Interest Payment Date or a Mandatory Interest Deferral Date, by notice to the Noteholders in accordance with Condition 16 and to the Trustee, the Registrar and the Principal Paying Agent given not less than 10 Business Days prior to the relevant Interest Payment Date, the Issuer may in its sole discretion elect to defer payment of the accrued but unpaid interest up to that Interest Payment Date (in whole or in part), and in such circumstances the relevant interest payment (or part thereof) shall not fall due on such Interest Payment Date and the Issuer shall have no obligation to make such payment on that date.

5.2 *Mandatory Deferral of Interest*

Payment of interest on the Notes will be mandatorily deferred on each Mandatory Interest Deferral Date. The Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to an Interest Payment Date (or as soon as reasonably practicable if a Regulatory Deficiency Interest Deferral Event occurs less than five Business Days prior to an Interest Payment Date) if a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or if a Regulatory Deficiency Interest Deferral Event would occur on the Interest Payment Date if payment of interest were to be made (provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Mandatory Interest Deferral Date).

A certificate signed by two Directors confirming that (i) a Regulatory Deficiency Interest Deferral Event has occurred and is continuing, or would occur if payment of interest on the Notes were to be made or (ii) a Regulatory Deficiency Interest Deferral Event has ceased to occur and/or payment of interest on the Notes would not result in a Regulatory Deficiency Interest Deferral Event occurring, shall be treated and accepted by the Trustee as correct and sufficient evidence thereof, shall be binding on the Noteholders, and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

5.3 *No default*

Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of any payment of interest in accordance with this Condition 5 or in accordance with Condition 2.2 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.

5.4 *Arrears of Interest*

Any interest in respect of the Notes not paid on an Interest Payment Date as a result of (i) any optional deferral of such payment of interest pursuant to Condition 5.1, (ii) the obligation on the Issuer to defer such payment of interest pursuant to Condition 5.2 or (iii) the operation of the Solvency Condition contained in Condition 2.2, together with any other interest in respect of the Notes not paid on an earlier Interest Payment Date shall, so long as the same remains unpaid, constitute "**Arrears of Interest**". Arrears of Interest shall not themselves bear interest.

Any Arrears of Interest may (subject to Condition 2.2 and (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator), be paid in whole or in part at any time at the election of the Issuer (provided that at such time a Regulatory Deficiency Interest Deferral Event is not subsisting and would not occur if payment of such

Arrears of Interest or the relevant part thereof was made) upon the expiry of not less than 14 days' notice to such effect given by the Issuer to the Trustee, the Registrar and the Principal Paying Agent in writing and to the Noteholders in accordance with Condition 16, and in any event all Arrears of Interest will become due and payable in full (subject, in the case of (a) and (c) below, to Condition 2.2 and (to the extent then required by the Relevant Regulator or the Relevant Rules) any notifications to, or consent or non-objection from, the Relevant Regulator) upon the earliest of the following dates:

- (a) the next Interest Payment Date which is not a Mandatory Interest Deferral Date and on which a scheduled payment of interest in respect of the Notes (or any part thereof) is made or is required to be made pursuant to these Conditions (other than a voluntary payment of Arrears of Interest); or
- (b) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend; or
- (c) the date of any redemption or purchase of Notes by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6 (subject to the deferral of such redemption pursuant to Condition 2.2 or Condition 6.1).

The Issuer shall as soon as reasonably practicable notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 of any payment of Arrears of Interest made in accordance with (a) and (c) above.

6 Redemption, Substitution, Variation, Purchase and Options

6.1 Redemption

- (a) Subject to Condition 2.2, Condition 6.1(b) below, and provided (if it is then entitled to do so under the Relevant Rules) the Relevant Regulator has not objected to such redemption, each Note shall, unless previously redeemed or purchased and cancelled as provided below, be redeemed on the Maturity Date at its principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest thereon to (but excluding) the Maturity Date.
- (b) No Notes shall be redeemed on the Maturity Date pursuant to Condition 6.1(a) or on any other date pursuant to Condition 6.3, 6.4 or 6.5 if a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if redemption is made on, if Condition 6.1(a) applies, the Maturity Date or, if Condition 6.3, 6.4 or 6.5 applies, the applicable date specified for redemption in accordance with such Conditions.
- (c) If the Notes are not to be redeemed on the Maturity Date pursuant to Condition 6.1(a) or on any scheduled redemption date pursuant to Condition 6.3, 6.4 or 6.5 as a result of circumstances where:
 - (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or would occur if the Notes were redeemed on such date;
 - (ii) the Solvency Condition is not or would not be satisfied on such date and immediately after the redemption; or
 - (iii) the Relevant Regulator objects to the redemption (if it is then entitled to do so under the Relevant Rules) on such date,

the Issuer shall notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 no later than five Business Days prior to the Maturity Date or the date specified for redemption in accordance with Condition 6.3, 6.4 or 6.5, as applicable, (or as soon as reasonably practicable if the relevant circumstance requiring redemption to be deferred arises, or is determined, less than five Business Days prior to the relevant redemption date).

- (d) If redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6.3, 6.4 or 6.5 as a result of Condition 6.1(b) above or if the Relevant Regulator objects to the redemption (if it is then entitled to do so under the Relevant Rules) on such date, subject (in the case of (i) and (ii) below only) to Condition 2.2 and (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, upon the earliest of:
- (i) (in the case of a failure to redeem due to the operation of Condition 6.1(b) only) the date falling 10 Business Days after the date the Regulatory Deficiency Redemption Deferral Event has ceased (unless, on such tenth Business Day, a further Regulatory Deficiency Redemption Deferral Event has occurred and is continuing or redemption of the Notes on such date would result in a Regulatory Deficiency Redemption Deferral Event occurring, in which case the provisions of Condition 6.1(b), Condition 6.1(c) and this Condition 6.1(d) shall apply *mutatis mutandis* to determine the due date for redemption); or
 - (ii) the date falling 10 Business Days after the Relevant Regulator has agreed to the repayment or redemption of the Notes; or
 - (iii) the date on which an order is made or a resolution is passed for the winding-up of the Issuer (other than an Approved Winding-up) or the date on which any administrator of the Issuer gives notice that it intends to declare and distribute a dividend.
- (e) If Condition 6.1(b) does not apply, but redemption of the Notes does not occur on the Maturity Date or, as appropriate, the date specified in the notice of redemption by the Issuer under Condition 6.3, 6.4 or 6.5 as a result of the Solvency Condition not being satisfied at such time and immediately after such payment, subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator, such Notes shall be redeemed at their principal amount together with Arrears of Interest, if any, and any other accrued and unpaid interest thereon to (but excluding) the date of redemption, on the tenth Business Day immediately following the day that (i) the Issuer is solvent for the purposes of Condition 2.2 and (ii) redemption of the Notes would not result in the Issuer ceasing to be solvent for the purposes of Condition 2.2, provided that if on such tenth Business Day specified for redemption a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if the Notes were to be redeemed, or if the Solvency Condition would not be satisfied on such date and immediately after the redemption, then the Notes shall not be redeemed on such date and Condition 6.1(b), Condition 6.1(c) and Condition 6.1(d) (if such further deferral is due to a Regulatory Deficiency Redemption Deferral Event) or Condition 2.2 and this Condition 6.1(e) (if such further deferral is due to the operation of the Solvency Condition) shall apply *mutatis mutandis* to determine the date of the redemption of the Notes.
- (f) A certificate signed by two Directors confirming that (i) a Regulatory Deficiency Redemption Deferral Event has occurred and is continuing, or would occur if redemption of the Notes were to be

made or (ii) a Regulatory Deficiency Redemption Deferral Event has ceased to occur and/or redemption of the Notes would not result in a Regulatory Deficiency Redemption Deferral Event occurring or (iii) that any of the circumstances described in Condition 6.1(c)(ii) or (iii) apply, shall be treated and accepted by the Trustee as correct and sufficient evidence thereof, shall be binding on the Noteholders, and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

- (g) Notwithstanding any other provision in these Conditions or in the Trust Deed, the deferral of redemption of the Notes in accordance with Condition 2.2 or this Condition 6 will not constitute a default by the Issuer and will not give Noteholders or the Trustee any right to accelerate repayment of the Notes or take any other action under the Notes or the Trust Deed.
- (h) In circumstances where redemption of the Notes has been deferred, the Issuer will notify the Trustee, the Registrar and the Principal Paying Agent in writing and notify the Noteholders in accordance with Condition 16 of the relevant date to which redemption has been deferred as soon as reasonably practicable after it has determined the same (and, if applicable, of any subsequent redemption deferrals and corresponding deferred dates for redemption).

6.2 *Conditions to Redemption, Substitution, Variation or Purchase*

Any redemption, substitution, variation or purchase of the Notes is subject to the Issuer having obtained the consent or non-objection of the Relevant Regulator (if then required by the Relevant Rules) and being in continued compliance with the Regulatory Capital Requirements applicable to it at the relevant time and, in the case of a redemption or purchase that is within five years of the Issue Date of the Notes, to such redemption or purchase being funded (to the extent then required by the Relevant Regulator or the Relevant Rules) out of the proceeds of a new issuance of capital of at least the same quality as the Notes and/or otherwise being permitted under the Relevant Rules.

A certificate signed by two Directors confirming such compliance shall be treated and accepted by the Trustee as correct, conclusive and sufficient evidence thereof, shall be binding on the Noteholders, and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

In the case of a redemption that is proposed to be completed within five years of the Issue Date of the Notes, the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that it would have been reasonable for the Issuer to conclude, judged at the time of the issue of the Notes, that the circumstance entitling the Issuer to exercise the right of redemption was unlikely to occur. Such certificate shall be treated and accepted by the Trustee as correct, conclusive and sufficient evidence thereof, shall be binding on the Noteholders, and the Trustee shall be entitled to rely on such certificate without further enquiry and without liability to any person.

In the event that any damages have been awarded against the Issuer for breach of any obligation in respect of the Notes or any of them, any such unpaid damages will also become due and payable by the Issuer at the time of redemption of the Notes (subject to deferral in accordance with Condition 2.2 or Condition 6).

6.3 *Issuer's Call Option*

Subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Holders (which notice shall be irrevocable), the Issuer may elect to redeem in accordance with these Conditions all (but not some only) of the Notes on the First Call Date or any Interest Payment Date thereafter

at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest thereon to (but excluding) the date of redemption in accordance with these Conditions.

6.4 *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, the Issuer provides a certificate in accordance with the provisions of the Trust Deed certifying to the Trustee that, as a result of a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of Bermuda or any political subdivision or authority therein or thereof having the power to tax, including any treaty to which Bermuda is a party, or any change in the application or official 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), 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 way of primary or secondary legislation, on or after the Issue Date of the Notes (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 (a “**Tax Event**”) and the Issuer cannot avoid the same by taking measures reasonably available to it, then the Issuer may:

- (a) subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any Arrears of Interest and any other accrued and unpaid interest thereon to (but excluding) the date of redemption in accordance with these Conditions; provided that, in the case of a Tax Law Change which is a proposed amendment or a proposed change only, no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such Additional Amounts; or
- (b) subject to Condition 6.2 (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 Registrar, the Principal Paying Agent and, in accordance with Condition 16, 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 Dated 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 Directors referred to below and in the definition of “Qualifying Dated Tier 2 Securities”) agree to such substitution or variation. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities provided that the Trustee shall not be obliged to participate or assist in or agree to any such substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities if the terms of the securities into which the Notes are to be substituted or are to be varied or such substitution or variation impose, in the Trustee’s opinion, more onerous obligations or duties upon it or exposes it to liabilities or reduces its protections. If the Trustee does not so participate or assist or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.4 the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors stating that a Tax Event has occurred and the Issuer cannot avoid the same by taking measures reasonably available to it and (ii) an opinion from a nationally recognised law firm or other tax adviser in Bermuda experienced in such matters to the effect that a

Tax Event has occurred. The Trustee shall treat such certificate and opinion as correct, conclusive and sufficient evidence thereof without further enquiry and shall not be liable to any person by reason thereof and such certificate and opinion shall be binding on the Noteholders. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to Condition 2.2 and Condition 6.1) either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.4, 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.

6.5 *Redemption, Substitution or Variation at the Option of the Issuer due to Capital Disqualification Event or Ratings Methodology Event*

If immediately prior to the giving of the notice referred to below a Capital Disqualification Event or a Ratings Methodology Event has occurred and is continuing or (in the case of a Ratings Methodology Event) the Issuer provides a certificate in accordance with the provisions of the Trust Deed certifying to the Trustee that, as a result of any change in, or amendment to, or any change in the application or official interpretation of, any ratings methodology or other official publication, a Ratings Methodology Event will occur within a period of six months, then:

- (a) the Issuer may, subject to Condition 2.2, Condition 6.1(b) and Condition 6.2 and having given not less than 30 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable and shall be given at any time up to and including the anniversary of the occurrence of such Capital Disqualification Event or such Ratings Methodology Event), redeem in accordance with these Conditions all, but not some only, of the Notes at any time at their principal amount together with any Arrears of Interest and any other accrued and unpaid interest thereon to (but excluding) the date of redemption in accordance with these Conditions; or
- (b) the Issuer may, subject to Condition 6.2 (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 Registrar, the Principal Paying Agent and, in accordance with Condition 16, 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, (in the case of a Capital Disqualification Event) Qualifying Dated Tier 2 Securities or (in the case of a Ratings Methodology Event), Rating Agency Compliant Securities and, in either case, the Trustee shall (subject to the following provisions of this paragraph (b) and subject to the receipt by it of the certificate of the Directors of the Issuer referred to below and (in the case of a substitution or variation in connection with a Capital Disqualification Event or a Ratings Methodology Event) in the definition of "Qualifying Dated Tier 2 Securities" and (in the case of a substitution or variation in connection with a Ratings Methodology Event) in the definition of "Rating Agency Compliant Securities") agree to such substitution or variation. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution or variation of the Notes for or into Qualifying Dated Tier 2 Securities or Rating Agency Compliant Securities, as applicable, provided that the Trustee shall not be obliged to participate or assist in any such substitution or variation or agree to the terms of the securities into which the Notes are to be substituted or are to be varied if such substitution or variation imposes, in the Trustee's opinion, more onerous obligations or duties upon it or exposes it to liabilities or reduces its protections. If the Trustee does not so participate or assist or agree as provided above, the Issuer may, subject as provided above, redeem the Notes as provided above.

Prior to the publication of any notice of redemption, substitution or variation pursuant to this Condition 6.5 the Issuer shall deliver to the Trustee a certificate signed by two Directors stating that a Capital Disqualification Event or, as the case may be, a Ratings Methodology Event has occurred and is continuing (or, in the case of a Ratings Methodology Event, will occur within a period of six months) as at the date of the certificate. The Trustee shall treat such certificate as correct, conclusive and sufficient evidence thereof without further enquiry, and shall not be liable to any person by reason thereof, and such certificate shall be binding on the Noteholders. Upon expiry of such notice the Issuer shall (subject to Condition 6.2 and, in the case of a redemption, to Condition 2.2 and Condition 6.1) either redeem, vary or substitute the Notes, as the case may be.

In connection with any substitution or variation in accordance with this Condition 6.5, 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.

6.6 *Purchases*

Subject to Conditions 2.2 and 6.2, the Issuer and any of its Subsidiaries may, at any time, purchase Notes in the open market or otherwise and at any price. 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.

6.7 *Cancellation*

All Notes redeemed by the Issuer and all Notes purchased by or on behalf of the Issuer or any of its Subsidiaries and surrendered for cancellation shall 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.

6.8 *Trustee Not Obligated to Monitor*

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within this Condition 6 and will not be responsible to Noteholders for any loss arising from any failure by the Trustee to do so. Unless and until the Trustee has actual knowledge of the occurrence of any event or circumstance within this Condition 6, it shall be entitled to assume that no such event or circumstance exists.

7 *Payments*

7.1 *Method of Payment*

- (a) **Principal:** Payments of principal shall be made in pounds sterling by sterling cheque drawn on, or, upon application by a Holder of a Note to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by or on behalf of the payee with a bank in London and (in the case of redemption) upon presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of the Principal Paying Agent.
- (b) **Interest:** Payments of interest shall be made in pounds sterling by sterling cheque drawn on, or, upon application by a Holder of a Note to the specified office of the Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a sterling account maintained by or on behalf of the payee with a bank in London and (in the case of interest payable on

redemption) upon presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificates at the specified office of the Principal Paying Agent.

7.2 *Payments subject to Fiscal Laws*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in any jurisdiction, but without prejudice to the provisions of Condition 8. For the purposes of the preceding sentence, the phrase “fiscal or other laws, regulations and directives” shall include any obligation of the Issuer to withhold or deduct from a payment 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 thereunder or official interpretations thereof or any law implementing an intergovernmental approach thereto.

7.3 *Record Date*

Each payment in respect of a Note will be made to the person shown as the Holder in the Register at the opening of business in the place of the Registrar’s specified office on the fifteenth day before the due date of such payment (the “**Record Date**”). Where payment in respect of a Note is to be made by cheque, the cheque will be mailed to the address shown as the address of the Holder in the Register at the opening of business on the relevant Record Date.

7.4 *Appointment of Agents*

The initial Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and their initial specified offices are listed below. They 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, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar, the Agent Bank and the Transfer Agents and to appoint replacement agents or additional or other Paying Agents and/or Transfer Agents, provided that it will:

- (a) at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent;
- (b) whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, appoint and (for so long as such function is required to be performed) maintain an Agent Bank; and
- (c) at all times maintain a Paying Agent having a specified office in a major city in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such directive which is approved by the Trustee.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 16.

If any of the Agent Bank, Registrar, Transfer Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

7.5 *Non-Business Days*

If any date for payment in respect of any Note is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

8 **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 Bermuda or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as shall result in receipt by the Noteholders of such amounts 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:** the Holder of which is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Bermuda other than the mere holding of the Note; or
- (b) **Lawful avoidance of withholding:** the Holder of which could lawfully have avoided (but has not so avoided) such deduction or withholding by complying or procuring that any person who is associated or connected with the Noteholder for the purposes of any tax complies with any statutory requirements or by making or procuring that any such person makes a declaration of non-residence or other similar claim for exemption to any tax authority; or
- (c) **Presentation more than 30 days after the Relevant Date:** presented (where presentation is required) for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the thirtieth day; or
- (d) **EU Savings Directive:** where such withholding or deduction is required to be made pursuant to Council Directive 2003/48/EC (as amended from time to time) or any law implementing or complying with, or introduced to conform to, such directive (as amended from time to time) or any agreement between the European Union and any jurisdiction providing for equivalent measures; or
- (e) **Payment by another Paying Agent:** presented (where presentation is required) for payment by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union (provided that there is such a Paying Agent appointed at the relevant time).

As provided in Condition 7.2, all payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, and the Issuer shall not be required to pay any Additional Amounts under this Condition on account of any such deduction or withholding described in this paragraph.

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 in accordance with Condition 16 that, upon further presentation of the Note 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 principal and/or interest (including Arrears of 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.

9 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest including, without limitation, Arrears of Interest) from the appropriate Relevant Date in respect of them.

10 Events of Default and Enforcement

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

- (a) Notwithstanding any of the provisions below in this Condition 10, the right to institute winding-up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. Pursuant to Condition 2.2, no principal, interest or any other amount will be due on a scheduled payment date if the Solvency Condition is not or would not be satisfied at the time of and immediately after any such payment. In addition, in the case of any payment of interest in respect of the Notes which is deferred pursuant to Condition 5.1 or 5.2, such payment will not be due on the scheduled payment date and, in the case of payment of principal, such payment will be deferred and will not be due on the scheduled payment date if Condition 6.1(b) applies or the Relevant Regulator objects to the redemption (if it is then entitled to do so under the Relevant Rules).
- (b) If default is made for 14 days or more in the payment of any interest (including, without limitation, Arrears of Interest) or principal due in respect of the Notes or any of them, then the Trustee in its discretion may, and (subject to Condition 10.3) 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, institute proceedings for the winding-up of the Issuer, but (subject as follows) may take no further or other action to enforce any payment by the Issuer in respect of the Notes or the Trust Deed.
- (c) If a winding-up of the Issuer (other than an Approved Winding-up) occurs (whether or not instituted by the Trustee pursuant to Condition 10.1(b) above) or an administrator of the Issuer is appointed and the administrator has given notice that it intends to declare and distribute a dividend, then the Trustee in its discretion may, and (subject to Condition 10.3) 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, prove in the winding-up or administration of the Issuer and/or claim in the liquidation of the Issuer (such claim being for such amount, and being subordinated in the manner, as is provided in Condition 2.1).
- (d) No payment in respect of the Notes or the Trust Deed may be made by the Issuer pursuant to this Condition 10.1, 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 consent or non-objection from, the Relevant Regulator, which the Issuer shall confirm in writing to the Trustee.

10.2 *Enforcement*

- (a) Without prejudice to Condition 10.1 above, the Trustee may at its discretion and without further notice institute such proceedings or take such steps or actions against the Issuer as it may think fit to enforce any obligation, term, 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 (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for breach of any obligations in respect thereof) but in no event shall the Issuer, by virtue of the institution of any such proceedings or the taking of such steps or actions, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it.
- (b) Nothing in this Condition 10.2 shall, subject to Condition 10.1, 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 (including, without limitation, Arrears of Interest) in respect of the Notes and any damages awarded for any breach of any obligations under the Notes or the Trust Deed).

10.3 *Entitlement of the Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 10.1 or Condition 10.2 above to enforce the obligations of the Issuer under the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed 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.

10.4 *Right of Noteholders*

No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for the reorganisation, arrangement, insolvency, liquidation or winding-up of the Issuer (including under Part IVA of the Bermuda Conveyancing Act 1983, as amended) or prove or claim in the liquidation or winding-up of the Issuer unless the Trustee, having become so bound to proceed or being able to prove or claim in such winding-up, reorganisation, arrangement, insolvency or liquidation, fails to do so within a reasonable period and such failure shall be continuing, in which case the Noteholder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 10.

10.5 *Extent of Noteholders' remedy*

No remedy against the Issuer, other than as referred to in this Condition 10, 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.

11 *Meetings of Noteholders, Modification, Waiver and Substitution*

11.1 *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 the Issuer or 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 Notes 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 or Arrears of Interest on the Notes, (ii) to reduce or cancel the principal amount of the Notes, (iii) to reduce the rate or rates of interest or Arrears of Interest in respect of the Notes or to vary the method or basis of calculating the rate or rates 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 effect the exchange or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations of the Issuer or any other person (other than as permitted under Condition 6 or Condition 11.4), (vi) 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, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, or (viii) to modify Condition 2 (and the provisions of the Trust Deed relating to subordination), 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.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

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 4.9, or in the circumstances described in Condition 6.4 or Condition 6.5 in connection with the substitution or variation of the Notes so that they remain or become Qualifying Dated Tier 2 Securities or Rating Agency Compliant Securities, as applicable, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 4.9, Condition 6.4 or Condition 6.5, as the case may be. 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).

11.2 *Modification of the Notes, the Trust Deed or the Agency Agreement*

For the avoidance of doubt, 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 or as listed at (i) to (viii) in Condition 11.1), 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. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 4.9, without the consent of the Noteholders.

Any such modification, authorisation or waiver shall be binding on the Noteholders and unless the Trustee otherwise agrees modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

11.3 Notice to the 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 (or such other period of notice as may then be required or accepted by the Relevant Regulator or the Relevant Rules) to, and received consent or no objection from, the Relevant Regulator.

11.4 Substitution

The Trustee may agree with the Issuer, without the consent of the Noteholders, to the substitution 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:

- (a) the Substitute Obligor's obligations in respect of the Notes are subordinated on an equivalent basis to that referred to in Condition 2;
- (b) 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);
- (c) (unless the successor in business of the Issuer is the Substitute Obligor) either:
 - (i) if the Notes have been rated by one or more Rating Agencies at the request of the Issuer and one or more of such ratings continue to be maintained immediately prior to such substitution, each relevant Rating Agency confirms to the Issuer or announces that such substitution will not result in a withdrawal or downgrade of the credit rating it has assigned to the Notes immediately prior to such substitution or the placing of any such rating on creditwatch or review with a negative outlook; or
 - (ii) 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 2 and in the Trust Deed and in a form and manner satisfactory to the Trustee, and provided further that the obligations of such guarantor shall be subject to a solvency condition equivalent to that set out in Condition 2.2, 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 10.1.
- (d) two 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 without further enquiry and without liability to any person 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);
- (e) (without prejudice to the rights of reliance of the Trustee under Condition 11.4(d) above) the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Noteholders;

- (f) two directors of the Substitute Obligor certify to the Trustee that such substitution will not give rise to a Tax Event, a Capital Disqualification Event or a Ratings Methodology Event (and the Trustee may rely absolutely on such certification without further enquiry and without liability to any person 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);
- (g) (without prejudice to the generality of Condition 11.4(b) 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;
- (h) if the Substitute Obligor is, or becomes, subject generally to the taxing jurisdiction of a territory or any authority of or in that territory with power to tax (the “**Substituted Territory**”) other than the territory or any such authority to the taxing jurisdiction of which the Issuer is subject generally (the “**Issuer’s Territory**”), the Substitute Obligor will (unless the Trustee otherwise agrees) give to the Trustee an undertaking satisfactory to the Trustee in terms corresponding to Condition 8 with the substitution for the references in that Condition and in Condition 6.4 to the Issuer’s Territory of references to the Substituted Territory whereupon the Trust Deed and the Notes will be read accordingly; and
- (i) 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.

Any substitution pursuant to this Condition 11 shall be subject (to the extent then required by the Relevant Regulator or the Relevant Rules) to any notifications to, or consent or non-objection from, the Relevant Regulator.

Any such substitution shall be binding on the Noteholders and shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 16.

12 Entitlement of the Trustee

In connection with any exercise of its functions (including but not limited to those referred to in Condition 11), 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 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 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 8 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any provision of these Conditions, nothing in the Trust Deed or these Conditions (including, without limitation, the provisions of Condition 2 or Condition 10.1) shall affect or prejudice the payment of the costs, fees, charges, expenses, liabilities or remuneration of the Trustee for its own account under the Trust Deed or the rights and remedies of the Trustee in respect thereof.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the provision of indemnification, security and prefunding to the Trustee and for its relief from responsibility, including provisions relieving it from taking any steps or action,

including instituting any proceedings, unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

14 Replacement of Note Certificates

If any Note Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Note Certificates must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may, from time to time, without the consent of the Noteholders, create and issue further securities either (i) 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 Notes then outstanding or (ii) 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 Notes shall be constituted by the Trust Deed or a deed supplemental to it.

16 Notices

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly given or published in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed. Any notice shall be deemed to have been given on the second day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

17 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.

18 Governing Law and Submission to Jurisdiction

18.1 Governing law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England except that Condition 2 and the related provisions contained in Clause 3 of the Trust Deed are governed by, and shall be construed in accordance with, the laws of Bermuda.

18.2 Submission to jurisdiction

- (a) The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed and/or the Notes, 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 Trust Deed and/or the Notes (a “**Dispute**”) and accordingly each of the Issuer, the Trustee and any Noteholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

- (b) For the purposes of this Condition 18.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

18.3 Appointment of Process Agent

The Issuer irrevocably appoints Hiscox plc at its principal address from time to time (being, as at the Issue Date, 1 Great St. Helen's, London EC3A 6HX, United Kingdom) as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that, in the event of the same being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19 Definitions

As used herein:

“**Additional Amounts**” has the meaning given to it in Condition 8;

“**Agent Bank**” has the meaning given to it in the preamble to these Conditions;

“**Approved Winding-up**” means a solvent winding-up of the Issuer solely for the purposes of a reconstruction, merger, amalgamation or scheme of arrangement in respect of the Issuer, the terms of which reconstruction, merger, amalgamation or scheme of arrangement 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 (or any amount in respect thereof) shall thereby become payable;

“**Arrears of Interest**” has the meaning given to it in Condition 5.4;

“**Assets**” means the unconsolidated gross assets of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for subsequent events in such manner as the Directors may determine;

“**Authorised Denomination**” has the meaning given to it in Condition 1;

“**Bermuda Insurance Act**” means the Bermuda Insurance Act 1978, as amended;

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in each of London and Hamilton;

“**Calculation Amount**” means £1,000 in principal amount of the Notes;

A “**Capital Disqualification Event**” is deemed to have occurred if, as a result of any change to (or change to the interpretation by any court or authority entitled to do so of) the Relevant Rules then applicable to the Issuer, the entire principal amount of the Notes is fully excluded from counting as Tier 2 Capital for the purposes of the Issuer or the Group, whether on a solo, group or consolidated basis, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital;

“**Compulsory Interest Payment Date**” means any Interest Payment Date (i) in respect of which during the immediately preceding six month period a Compulsory Interest Payment Event has occurred; (ii) on which the relevant interest payment can be made without breach of the Solvency Condition; and (iii) which is not a Mandatory Interest Deferral Date;

“**Compulsory Interest Payment Event**” means:

- (i) any declaration, payment or making of a dividend or distribution by the Issuer to its ordinary shareholders; or
- (ii) any declaration, payment or making of a dividend, distribution or coupon on any other Junior Obligations or Pari Passu Obligations of the Issuer, except where such dividend, distribution or coupon was required to be declared, paid or made under, or in accordance with, the terms of such Junior Obligations or Pari Passu Obligations; or
- (iii) any repurchase by the Issuer of any of its ordinary shares for cash, provided such repurchase is not made in the ordinary course of business of the Issuer in connection with any share option scheme or share ownership scheme for management or employees of the Issuer or management or employees of affiliates of the Issuer; or
- (iv) any redemption, repurchase or purchase by the Issuer or any Subsidiary of the Issuer of any Junior Obligations or any Pari Passu Obligations of the Issuer for cash, except a redemption, repurchase or purchase required to be effected under, or in accordance with, the terms of such Junior Obligations or Pari Passu Obligations;

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

“**EEA Regulated Market**” means a market as defined by Article 4.1.14 of Directive 2004/39/EC of the European Parliament and of the Council of the European Union on markets in financial instruments, as amended;

“**Enhanced Capital Requirement**” means the “enhanced capital requirement” as defined in section 1(1) of the Bermuda Insurance Act or any successor or equivalent requirement under Relevant Rules;

“**European Economic Area**” or “**EEA**” means the countries comprising the European Union together with Norway, Liechtenstein and Iceland;

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

“**First Call Date**” means 24 November 2025;

“**Fixed Interest Payment Date**” means 24 November in each year from (and including) 24 November 2016 up to (and including) the First Call Date;

“**Fixed Interest Rate**” has the meaning set out in Condition 4.4;

“**Floating Interest Payment Date**” means 24 February, 24 May, 24 August and 24 November in each year from (and including) 24 February 2026 up to (and including) the Maturity Date, save that if any such Floating Interest Payment Date would otherwise fall on a day which is not a Business Day, such Floating Interest Payment Date shall be postponed to the following 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;

“**Floating Interest Rate**” has the meaning set out in Condition 4.5;

“**Group**” means the Issuer together with its subsidiaries from time to time;

“**Holder**” has the meaning given to it in Condition 3.1;

“**Interest Amount**” has the meaning set out in Condition 4.6;

“**Interest Payment Date**” means each Fixed Interest Payment Date and each Floating Interest Payment Date, as the context admits;

“**Interest Period**” means (i) the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and (ii) each period thereafter from (and including) each Interest Payment Date to (but excluding) (A) the next following Interest Payment Date, or (B) (if applicable) such earlier date on which the relevant payment of interest falls due (which, if the Notes become due and payable in accordance with Condition 10, shall be the date on which the Notes so become due and payable);

“**Interest Rate**” means the Fixed Interest Rate or the Floating Interest Rate, as applicable;

“**Issue Date**” means 24 November 2015, being the date of the initial issue of the Notes;

“**Issuer’s Territory**” has the meaning given to it in Condition 11.4(h);

“**Junior Obligations**” has the meaning given to it in Condition 2.1;

“**Liabilities**” means the unconsolidated gross liabilities of the Issuer as shown in the latest published audited balance sheet of the Issuer, but adjusted for contingent liabilities and for subsequent events in such manner as the Directors may determine;

“**Mandatory Interest Deferral Date**” means each Interest Payment Date in respect of which a Regulatory Deficiency Interest Deferral Event has occurred and is continuing or would occur if payment of interest was made on such Interest Payment Date;

“**Maturity Date**” means the Interest Payment Date falling in, or nearest to, November 2045;

“**Note Certificate**” has the meaning given to it in Condition 1;

“**Noteholder**” has the meaning given to it in Condition 3.1;

“**Pari Passu Obligations**” has the meaning given thereto in Condition 2.1;

“**pounds**”, “**sterling**”, “**£**”, “**p**” or “**pence**” means the lawful currency of the United Kingdom;

“**Qualifying Dated Tier 2 Securities**” means securities issued directly by the Issuer or indirectly and guaranteed by the Issuer (such guarantee to rank on a subordinated basis equivalent to the ranking in Condition 2) that:

- (i) have terms not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer));
- (ii) (subject to (i) above) (1) contain terms which comply with the then current requirements of the Relevant Regulator in relation to Tier 2 Capital, (2) include terms which provide for at least the same interest rate from time to time applying to the Notes, and preserve the Interest Payment Dates; (3) rank senior to, or *pari passu* with, the ranking of the Notes; (4) preserve any existing rights under the Terms and Conditions to any accrued interest, any Arrears of Interest and any other amounts in respect of the Notes which have not been paid; (5) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without

limitation) as to timing of, and amounts payable upon, such redemption; (6) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and (7) contain terms providing for mandatory and/or optional deferral of payments of interest and/or principal only if such terms are not materially less favourable to an investor than the mandatory and optional deferral provisions, respectively, contained in the terms of the Notes; and

- (iii) are listed or admitted to trading on the EEA 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 approved by the Trustee (such approval not to be unreasonably withheld or delayed),

and provided that a certification to the effect of (i) (including as to consultation as required therein) and (ii) above, signed by two directors of the Issuer, shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities;

“Rating Agency” means each of Standard & Poor’s Credit Market Services Europe Limited and Fitch Ratings Limited (or, in each case, any successor thereto or such other entity within the respective groups of those rating agencies which has assigned equity content to the Notes at the Issuer’s request);

“Rating Agency Compliant Securities” means securities that are:

- (a) Qualifying Dated Tier 2 Securities; and
- (b) assigned by each Rating Agency substantially the same equity content or, at the absolute discretion of the Issuer, a lower equity content (provided such equity content is still higher than the equity content assigned to the Notes after the occurrence of the Ratings Methodology Event) as that which was assigned by the relevant Rating Agency to the Notes on or around the Issue Date and provided that a certification to such effect of two directors of the Issuer shall have been delivered to the Trustee prior to the issue of the relevant securities (upon which the Trustee shall be entitled to rely without liability to any person);

a **“Ratings Methodology Event”** will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation of such methodology) as a result of which the equity content assigned by that Rating Agency to the Notes is, as notified by that Rating Agency to the Issuer or as published by that Rating Agency, reduced when compared to the equity content assigned by that Rating Agency to the Notes on or around the Issue Date;

“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 7.3;

“Reference Banks” means the principal London office of four major banks in the London interbank market, as selected by the Issuer, or by the Issuer in consultation with the Agent Bank;

“Register” has the meaning given to it in Condition 3.1;

“Regulatory Capital Requirements” means any applicable capital resources requirement or applicable overall financial adequacy rule (or equivalent) required by the Relevant Regulator pursuant to the Relevant Rules, as any such requirement or rule is in force from time to time;

a “**Regulatory Deficiency Interest Deferral Event**” will occur if (i) any of the Issuer, the Group or any undertaking in the Group that is registered as an insurer under the Bermuda Insurance Act is failing to meet any Enhanced Capital Requirement then applicable to it and (ii) under the Relevant Rules then applicable to the Issuer, such failure requires the Issuer to defer payment of interest (or, if applicable, Arrears of Interest) in respect of the Notes in order that the Notes qualify as Tier 2 Capital under the Relevant Rules then applicable to the Issuer;

a “**Regulatory Deficiency Redemption Deferral Event**” will occur if (i) any of the Issuer, the Group or any undertaking in the Group that is registered as an insurer under the Bermuda Insurance Act is failing to meet any Enhanced Capital Requirement then applicable to it and (ii) under the Relevant Rules then applicable to the Issuer, such failure requires the Issuer to defer or suspend repayment or redemption of the Notes in order that the Notes qualify as Tier 2 Capital under the Relevant Rules then applicable to the Issuer;

“**Relevant Date**” has the meaning given to it in Condition 8;

“**Relevant Regulator**” means the Bermuda Monetary Authority (or any successor which carries on the role of regulator of financial services companies generally in Bermuda);

“**Relevant Rules**” means the Bermuda Insurance Act and any other legislation, rules or regulations of Bermuda or of the Bermuda Monetary Authority from time to time (including, but not limited to, the Bermuda Insurance (Group Supervision) Rules 2011, as amended and the Bermuda Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, as amended) relating to the characteristics, features or criteria of own funds or capital resources and which are, at such time, applicable to the Issuer or the Group;

“**Senior Creditors**” means:

- (i) all creditors of the Issuer in respect of unsubordinated obligations of the Issuer, including (if any) all policyholders of the Issuer (and, for the avoidance of doubt, the claims of policyholders shall include all amounts to which policyholders are entitled under applicable legislation or rules relating to the winding-up of insurance companies or similar proceedings involving insurance companies that reflect any right to receive or expectation of receiving benefits which policyholders may have); and
- (ii) all other creditors of the Issuer in respect of claims which are, or are expressed to be, subordinated to the claims of other creditors of the Issuer (other than claims in respect of Pari Passu Obligations or Junior Obligations).

“**Solvency Condition**” has the meaning given to it in Condition 2.2;

“**Subsidiary**” has the meaning given to the term “subsidiary company” in section 1B(2A) of the Bermuda Insurance Act (as such section may be amended or replaced from time to time);

“**Substitute Obligor**” has the meaning given to it in Condition 11.4;

“**Substituted Territory**” has the meaning given to it in Condition 11.4(h);

“**successor in business**” means, with respect to the Issuer, any body corporate which, as the result of any amalgamation, merger, reconstruction, acquisition or transfer:

- (i) owns beneficially the whole or substantially the whole of the undertaking, property and assets owned by the Issuer or a successor in business of the Issuer prior thereto; or

- (ii) carries on, as successor of the Issuer or a successor in business of the Issuer, the whole or substantially the whole of the business carried on by the Issuer or a successor in business of the Issuer prior thereto;

“**Tax Event**” has the meaning given in Condition 6.4;

“**Tax Law Change**” has the meaning given to it in Condition 6.4;

“**Tier 1 Capital**” has the meaning given thereto for the purposes of the Relevant Rules;

“**Tier 2 Capital**” has the meaning given thereto for the purposes of the Relevant Rules;

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

“**Winding-up**” means, in respect of the Issuer, a winding-up of the Issuer or similar proceedings in respect of the Issuer including, without limitation, by way of reorganisation, arrangement, insolvency or liquidation of the Issuer (including under Part IVA of the Bermuda Conveyancing Act 1983, as amended) in Bermuda or any similar proceedings in any other jurisdiction.

SIGNATORIES

The Issuer

EXECUTED as a **DEED** by)
HISCOX LTD)
)
acting by Marc Wetherhill)
acting on the authority of that company)
in the presence of:)

[MARC WETHERHILL]

Witness' signature: [MARTINA OLCHESKI-BELL]

Witness' name: Martina Olcheski-Bell

Witness' address: Chesney House

 96 Pitts Bay Road

 Pembroke HM08, Bermuda

EXECUTED as a DEED by)
CITICORP TRUSTEE COMPANY LIMITED)
)
acting by Paul Yarde)
acting on the authority of that company)
in the presence of:)

[PAUL YARDE]

Witness' signature: [JASON JAMES]

Witness' name: Jason James

Witness' address: Citi Agency & Trust

Citigroup centre

25 Canada Square, Canary Wharf

London E14 5LB