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COMPANIES FORM No. 88(2)(Rev 1988)

Return of allotments of shares

88(2)

Pursuant to section 88(2) of the Companies Act 1985 (the Act)

Please do not
write in this
margin

CHA 116

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies (**address overleaf**)
(See note 1)

(REVISED 1988)

This form replaces forms
PUC2, PUC3 and 88(2)

Company number

14259

1. Name of Company

* Midland Bank plc

* Insert full name
of company

2. This section must be completed for all allotments

† Distinguish
between
ordinary
preference, etc.

| Description of shares † | Non-cumulative second US dollar preference shares | "series 1" | "series 2" | |
|---|---|-------------|------------|---|
| A Number allotted | | 2,000,000 | 2,000,000 | |
| B Nominal value of each | | £ US\$0.01 | £ US\$0.01 | £ |
| C Total amount (if any) paid or due and payable on each share (including premium if any) | | £ US\$20.00 | £ US\$5.00 | £ |

Date(s) on which the shares were allotted

(a) ~~on~~ 5 February 19 97 ~~£~~\$, or

(b) [from _____ 19 _____ to _____ 19 _____] §

The names and addresses of the allottees and the number of shares allotted to each should be
given overleaf

§ Complete
(a) or (b) as
appropriate

3. If the allotment is wholly or partly other than for cash the following information must be given
(see notes 2 & 3)

| | | | |
|---|--|--|--|
| D Extent to which each share is to be treated as paid up. Please use percentage. | | | |
| E Consideration for which the shares were allotted | | | |
| | | | |
| | | | |

Notes

1. This form should be delivered to the Registrar of Companies within one month of the (first) date of allotment.
2. If the allotment is wholly or partly other than for cash, the company must deliver to the registrar a return containing the information at D & E. The company may deliver this information by completing D & E and the delivery of the information must be accompanied by the duly stamped contract required by section 88(2)(b) of the Act or by the duly stamped prescribed particulars required by section 88(3) (Form No 88(3)).
3. Details of bonus issues should be included only in section 2.

Presentor's name, address, telephone
number and reference (if any):
Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

DX: 606 London
Tel: 0171 600 5555
Ref: JYW/M1667/2030/BMT

For official use



A07 *ADA8BTEN* 304
COMPANIES HOUSE 21/02/97

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**Please complete
legibly, preferably
in black type, or
bold block
lettering**

Where the space given on this form is inadequate, continuation sheets should be used and the number of sheets attached should be indicated in the box opposite:

† Insert director, secretary, Administrator, Administrative Receiver or Receiver (Scotland) as appropriate

The Registrar of Companies
Companies Registration Office
102 George Street
Edinburgh
EH2 3DJ

**MIDLAND BANK PLC
SECOND DOLLAR PREFERENCE SHARES
TERMS AND CONDITIONS**

(Adopted by a Resolution of a duly authorised Committee of the
Board of Directors of Midland Bank plc on 5 February 1997)

The non-cumulative second dollar preference shares, Series 1, of US\$0.01 each (the "Series 1 second dollar preference shares") and the non-cumulative, non-voting second dollar preference shares, Series 2, of US\$0.01 each (the "Series 2 dollar preference shares") of Midland Bank plc (the "Bank") shall have attached thereto the respective rights and shall be subject to the limitations and restrictions set out below and shall be otherwise subject to the articles of association of the Bank (the "Articles").

In these terms and conditions:-

- (a) the Series 1 second dollar preference shares and the Series 2 second dollar preference shares are together referred to as the "second dollar preference shares";
- (b) the 200,000,000 non-cumulative dollar preference shares of US\$0.01 each in the capital of the Bank are referred to as the "first dollar preference shares";
- (c) the 150,000,000 non-cumulative preference shares of £1 each in the capital of the Bank are referred to as the "sterling preference shares";
- (d) the one preferred ordinary share of £1 in the capital of the Bank is referred to as the "preferred ordinary share";
- (e) the ordinary shares of £1 each in the capital of the Bank are referred to as the "ordinary shares".

1. Status, Denomination, Form and Title

The Series 1 second dollar preference shares and the Series 2 second dollar preference shares constitute separate classes of shares from one another and from the first dollar preference shares, the sterling preference shares, the preferred ordinary share, the ordinary shares and any other class of shares in the capital of the Bank for the time being. The Series 1 second dollar preference shares and the Series 2 second dollar preference shares rank *pari passu inter se* and with all other shares expressed to rank *pari passu* therewith. The Series 1 second dollar preference shares and the Series 2 second dollar preference shares rank:-

- (a) after the first dollar preference shares and the sterling preference shares as regards dividends and a return of capital as described in paragraph 4 below;
- (b) after the preferred ordinary share as regards dividends and return of capital of the kind described in paragraphs (i) and (ii) of Article 3C(1);
- (c) in priority to the ordinary shares and (save as mentioned in (b) above) the preferred ordinary share as regards dividends and a return of capital as described in paragraph 4 below.

The Series 1 second dollar preference shares and the Series 2 second dollar preference shares will each be issued fully paid in registered form ("Registered Shares"). Title to Registered Shares will pass by transfer and registration in accordance with the Articles and as described in paragraph 2 below.

2. **Transfer of Registered Shares**

The Articles provide, *inter alia*, that Registered Shares shall be transferred by an instrument in writing in the usual common form or any other form which the Directors may approve, executed by or on behalf of the transferor. The Directors may decline to register any instrument of transfer unless the instrument of transfer is in respect of only Series 1 second dollar preference shares or Series 2 second dollar preference shares (as the case may be), is in favour of a single transferee or not more than four joint transferees, is duly stamped (if so required) and is deposited at the place in the United Kingdom where the register of members of second dollar preference shares is kept. Each registration of transfer of Registered Shares will be effected upon the entry of the name of the transferee in the register of members in respect of the Registered Shares, without payment of any fee (but subject to payment of any taxes, stamp duties or other governmental charges payable in connection therewith).

Series 1 second dollar preference shares and Series 2 second dollar preference shares shall be separately transferable.

Share certificates ("Certificates") respectively representing more than one Series 1 second dollar preference share and/or Series 2 second dollar preference share may be split upon request to the specified office at the Registrar. In the case of the transfer of some only of the Series 1 second dollar preference shares or Series 2 second dollar preference shares in registered form, a new Certificate or Certificates in respect of the Series 1 second dollar preference shares or Series 2 second dollar preference shares not transferred will be delivered to the transferor at his risk.

3. Dividends

The Series 1 second dollar preference shares and the Series 2 second dollar preference shares shall confer on the holders thereof the right to receive, in priority to the ordinary shares and (save as referred to in paragraph 1(b) above) the preferred ordinary share but subject to the rights attached to the first dollar preference shares, the sterling preference shares, the preferred ordinary share and any other class of shares in the capital of the Bank for the time being (other than the ordinary shares), non-cumulative dividends when, as and if declared by the Board of Directors of the Bank or an authorised committee thereof out of the distributable profits of the Bank in the amounts and at the rates provided below.

Such dividends will be payable in United States dollars:-

- (a) until (and including) 5 February 1999, half-yearly in arrear on 5 February and 5 August in each year in respect of the half year then ended, but so that the first dividend period shall be from (but excluding) the date of first issue of the second dollar preference shares to (and including) 5 August, 1997;
- (b) after 5 February 1999, quarterly in arrear on 5 February, 5 May, 5 August and 5 November in each year.

Each such date referred to above is a "Dividend Payment Date" and each such half-year or quarter is a "dividend period".

The dividend payable on each Series 1 second dollar preference share on any Dividend Payment Date will be fixed at the amount which, when annualised, will be equal to US\$1.344 (exclusive of any 1 UK Associated Tax Credit (as defined below)) (such annualised amount being equal to 6.72% of the liquidation value thereof (being US\$20.00)) (the "1 Dividend").

The dividend payable on each Series 2 second dollar preference share on any Dividend Payment Date (the "2 Dividend") will be fixed at such rate per annum of the liquidation value thereof (being US\$5.00) as will ensure that the sum of: (i) the 1 Dividend payable on such Dividend Payment Date; (ii) the UK Associated Tax Credit in respect of such 1 Dividend (the "1 UK Associated Tax Credit"); (iii) the 2 Dividend payable on such Dividend Payment Date; and (iv) the UK Associated Tax Credit in respect of such 2 Dividend (the "2 UK Associated Tax Credit") will represent an annual rate equal to 8.4% of the aggregate of the liquidation values (the "Total Liquidation Value") of a Series 1 second dollar preference share and a Series 2 second dollar preference share (being US\$25.00); provided that no dividend will be payable on any Series 2 second dollar preference share in the event that the sum of the 1

Dividend and the 1 UK Associated Tax Credit expressed as an annual rate is greater than or equal to 8.4% of the Total Liquidation Value.

The term "UK Associated Tax Credit" means any UK tax in accordance with, and at the rate specified by, UK law in effect at the relevant time (i) which is, or is treated as having been, borne by a recipient of a dividend on a Series 1 second dollar preference share or a Series 2 second dollar preference share, as the case may be, by deduction at source or (ii) for which a credit (which term shall include a relief from liability for all or part of any UK tax which would otherwise be imposed in respect of such a dividend) in respect of UK tax is available to the recipient of such a dividend, in each case on the assumption that such recipient is an individual resident in the UK for UK tax purposes but excludes any such tax which (as a result of an election made by the Bank in relation to a dividend) cannot be repaid in any circumstances to a recipient of the dividend who is an individual resident in the UK for UK tax purposes.

A UK resident company paying a dividend out of non-UK source profits can elect to treat such dividend as a "foreign income dividend" with the result that such dividend does not carry an associated tax credit. If the Bank were to (i) elect for all or any part of any dividend paid on the Series 1 second dollar preference shares or the Series 2 second dollar preference shares to be treated as a "foreign income dividend" or (ii) make an election to pay all or any part of any dividend in circumstances in which an Eligible US Holder (as defined below) would not be entitled to a tax credit under the terms of the US/UK Double Taxation Convention relating to income and capital gains (the "Treaty") but would have been so entitled if the Bank had not made such an election, the Bank shall be required to increase the cash dividend paid on the Series 2 second dollar preference shares. The increase shall be such amount as will ensure that (subject to the proviso mentioned in the fourth paragraph under this heading "Dividends") the sum of the cash dividends on the Series 1 second dollar preference shares and the Series 2 second dollar preference shares payable on the relevant Dividend Payment Date, together with the UK Associated Tax Credit (if any) in respect of such cash dividends will, as expressed as an annual rate of the Total Liquidation Value, equal 8.4% of the Total Liquidation Value.

Except as provided by virtue of the three preceding paragraphs, there shall be no adjustment of such dividend rate, however, as a result of any other circumstance or change in US or UK taxation (including the circumstance where by operation of law (rather than by reason of any election made by the Bank) any income tax treated as paid in relation to a dividend cannot be repaid to a recipient of the dividend who is an individual resident in the UK for UK tax purposes and including the abrogation of, or a change in, the Treaty as in force on the date of adoption of these Terms and Conditions).

The term Eligible US Holder means a US Holder that is the beneficial owner of a second dollar preference share and of the cash dividend paid thereon and that is entitled to a Treaty Payment. A U.S. Holder means a holder of a second dollar preference share that is a citizen or resident of the United States or that will otherwise be subject to US Federal income tax on a net income basis in respect of the second dollar preference shares. A Treaty Payment means a payment equal to the amount of the associated UK tax credit to which an individual resident in the United Kingdom for UK tax purposes would have been entitled had he received the dividend reduced by a UK withholding tax at the rate from time to time provided in the Treaty as a percentage (being 15% at the date of adoption of these Terms and Conditions) applied to the sum of the cash dividend and such associated UK tax credit.

The amount of dividends payable on the Series 1 second dollar preference shares and the Series 2 second dollar preference shares for each dividend period will be computed based upon the liquidation value per share of such shares (being US\$20 in the case of the Series 1 second dollar preference shares and US\$5 in the case of the Series 2 second dollar preference shares) by dividing the applicable annual dividend amount or rate by the number of dividend periods in a year, except that the amount of dividends payable for any dividend period shorter or longer than a full dividend period will be computed on the basis of a 360-day year of twelve 30-day months and the actual number of days elapsed in that period.

The Board of Directors of the Bank or an authorised committee thereof shall declare and pay in full on each Dividend Payment Date dividends on the Series 1 second dollar preference shares and the Series 2 second dollar preference shares unless, in the opinion of the Board of Directors or such committee, (i) payment of any such dividend would breach or cause a breach of the Bank of England's capital adequacy requirements applicable to the Bank (or its subsidiary undertakings), or (ii) the distributable profits of the Bank are insufficient to enable the payment in full of dividends on the Series 1 second dollar preference shares, the Series 2 second dollar preference shares and dividends on any other shares of the Bank stated to be payable on such Dividend Payment Date and ranking *pari passu* as to dividends with the Series 1 second dollar preference shares and the Series 2 second dollar preference shares, or (iii) payment of any such dividend is prohibited by the rights attached to the first dollar preference shares, the sterling preference shares or any other class of shares in the capital of the Bank for the time being (other than the ordinary shares).

If on any Dividend Payment Date the distributable profits of the Bank are, in the opinion of the Board of Directors or an authorised committee thereof, insufficient to enable payment in full of dividends on the Series 1 second dollar preference shares and the Series 2 second dollar preference shares and of any dividends payable on the same date on any other shares of the Bank ranking *pari passu* as to dividends with the Series 1 second dollar preference

shares and the Series 2 second dollar preference shares, the Bank shall declare and pay, to the extent of distributable profits (if any) (after payment in full, or the setting aside of a sum required for payment in full, of all dividends payable on any shares ranking in priority to the Series 1 second dollar preference shares and the Series 2 second dollar preference shares), dividends on the Series 1 second dollar preference shares and Series 2 second dollar preference shares and such other shares *pro rata* to the amount of the cash dividend then owing in respect of them (together with arrears, if any, of cumulative dividends on any shares ranking *pari passu* as to dividends with the Series 1 second dollar preference shares and the Series 2 second dollar preference shares) Provided that no dividend shall be payable under this paragraph if, in the opinion of the Board of Directors of the Bank or an authorised committee thereof, such payment is prohibited by the rights attached to the first dollar preference shares, the sterling preference shares or any other class of share in the capital of the Bank for the time being (other than the ordinary shares).

Dividends on the Series 1 second dollar preference shares and Series 2 second dollar preference shares shall be non-cumulative. If a dividend, or any part thereof, is not required to be paid, and is not paid, on a Dividend Payment Date in respect of Series 1 second dollar preference shares or Series 2 second dollar preference shares, as the case may be, then holders of such shares will have no claim in respect of such non-payment or to any interest thereon, whether or not dividends on the second dollar preference shares are declared for any future period.

If the dividend payable on the Series 1 second dollar preference shares or the Series 2 second dollar preference shares has not been paid in full on the most recent Dividend Payment Date, no dividends (other than a *pro rata* dividend declared and paid on shares ranking *pari passu* therewith as provided above) may be declared, paid or set aside for payment on any other share capital of the Bank ranking, as to dividends, *pari passu* with or after the Series 1 second dollar preference shares and the Series 2 second dollar preference shares, until such time as the dividends on all outstanding Series 1 second dollar preference shares and Series 2 second dollar preference shares have been or contemporaneously are paid in full, or a sum shall have been set aside for such payment in full, in respect of the then current dividend period.

If the dividend payable on the Series 1 second dollar preference shares or the Series 2 second dollar preference shares has not been paid in full on the most recent Dividend Payment Date, the Bank may not redeem, purchase or otherwise acquire for any consideration any other share capital of the Bank ranking, as to repayment of the Bank's capital, *pari passu* with or after the Series 1 second dollar preference shares and the Series 2 second dollar preference shares, and may not set aside any sum or establish any sinking fund for the redemption,

purchase or other acquisition thereof, until such time as dividends on all outstanding Series 1 second dollar preference shares and Series 2 second dollar preference shares have been or contemporaneously are paid in full, or a sum shall have been set aside for such payment in full, in respect of three consecutive dividend periods.

Dividends on the second dollar preference shares will be payable to the record holders thereof as they appear on the register for such second dollar preference shares on such record dates, which will be not less than 15 nor more than 60 days prior to the relevant Dividend Payment Dates, as will be fixed by the Board of Directors of the Bank or an authorised committee thereof. Subject to any applicable fiscal or other laws and regulations, payments of dividends will be made by dollar cheque drawn on a bank in London or in The City of New York and mailed to the record holder thereof at such holder's address as it appears on the register for the second dollar preference shares.

If any Dividend Payment Date is not a day on which banks in London and in The City of New York are open for business and on which foreign exchange dealings may be conducted in London and The City of New York (a "Dollar Business Day"), then payment of the dividend will be made on the next succeeding day which is a Dollar Business Day, without any interest or other payment in respect of any such delay.

Except as provided herein, the Series 1 second dollar preference shares and the Series 2 second dollar preference shares shall carry no right to participate in the profits of the Bank.

4. **Return of Capital**

In the event of a return of capital in respect of a winding-up of the Bank or otherwise (but not a redemption or purchase by the Bank of any of its share capital), the then holders of the Series 1 second dollar preference shares and the Series 2 second dollar preference shares shall be entitled to receive, in priority to the ordinary shares and (save as referred to in paragraph 1(b) above) the preferred ordinary share but subject to the rights attached to the first dollar preference shares, the sterling preference shares, the preferred ordinary share (as referred to in paragraph 1(b) above) and any other class of shares in the capital of the Bank for the time being (other than the ordinary shares), out of the assets of the Bank available for distribution to shareholders, together with the holders of any other shares of the Bank ranking, as regards repayment of capital, *pari passu* with the Series 1 second dollar preference shares and the Series 2 second dollar preference shares, the amount (in US dollars) of (i) US\$20.00 per share, in the case of the Series 1 second dollar preference shares, and (ii) US\$5.00 per share, in the case of the Series 2 second dollar preference shares, plus, in each case (and provided that the dividends mentioned below were or would have been payable in accordance with the Articles), an amount (to be paid as a dividend) equal to any dividends declared but unpaid in

respect of the previous dividend period and any accrued and unpaid dividends for the then-current dividend period to (and including) the date of commencement of the winding-up of the Bank or the date of any such other return of capital, as the case may be.

If upon any return of capital in a winding up of the Bank, the amounts payable with respect to the second dollar preference shares and any other preference shares of the Bank ranking as to any such distribution *pari passu* with the second dollar preference shares are not paid in full, the holders of the second dollar preference shares and of such other preference shares will share rateably in any such distribution of assets of the Bank in proportion to the full respective preferential amounts to which they are entitled.

After payment of the full amount (as described in the two preceding paragraphs) to which they are entitled, the holders of the second dollar preference shares will have no right or claim to any of the remaining assets of the Bank and will not be entitled to any further participation or return of capital in a winding up.

5. **Redemption**

The Bank shall be entitled, subject to the provisions of applicable law, to redeem all or some only of the second dollar preference shares by giving to the holders of the second dollar preference shares to be redeemed not less than 30 days' nor more than 60 days' prior notice in writing (a "Notice of Redemption") of a redemption date ("Redemption Date") which falls no earlier than 6 February 2002.

Any such redemption shall be made at the redemption price of (i) US\$20.00 per share, in the case of the Series 1 second dollar preference shares, and (ii) US\$5.00 per share, in the case of the Series 2 second dollar preference shares.

Upon the redemption of all or any of the Series 1 second dollar preference shares or the Series 2 second dollar preference shares, the Bank will, on or before the Redemption Date, pay in respect of the shares to be redeemed dividends declared but unpaid in respect of the previous dividend period and any accrued and unpaid dividends (up to and including the Redemption Date, to be paid as a dividend) for the then-current dividend period.

In the event that less than all of the outstanding second dollar preference shares are to be redeemed, the second dollar preference shares to be redeemed will be selected by the Bank by a drawing in the presence of the Bank's auditors.

Each Notice of Redemption will specify (i) the Redemption Date, (ii) the particular second dollar preference shares to be redeemed, (iii) the redemption price and (iv) the place or places

at which documents of title in respect of such second dollar preference shares are to be presented for redemption and payment of the redemption monies is to be effected. No defect in the Notice of Redemption or in the giving thereof will affect the validity of the redemption proceedings.

Payments in respect of the amount due on redemption shall be made by US dollar cheque drawn on a bank in London or in The City of New York or upon the request of the holder (or joint holders) not later than the date specified for the purpose in the Notice of Redemption by transfer to a US dollar account maintained by the payee with a bank in London or in The City of New York. Such payments will be made against presentation and surrender of the relevant Certificates at the place (or one of the places) specified in the Notice of Redemption and if any Certificate so surrendered includes any second dollar preference shares not to be redeemed on the relevant Redemption Date the Company shall within 14 days thereafter issue to the holder, free of charge, a fresh Certificate or Certificates in respect of such shares.

All payments in respect of redemption moneys will in all respects be subject to any applicable fiscal or other laws.

As from the relevant Redemption Date the dividend on the second dollar preference shares due for redemption shall cease to accrue, except on any such second dollar preference share in respect of which, upon the due surrender of the Certificate in respect thereof, payment of the redemption moneys due on such Redemption Date shall be improperly withheld or refused. In such case, such dividend, at the rate then applicable, shall be deemed to have continued and shall accordingly continue to accrue from the relevant Redemption Date to the date of payment of such redemption moneys. Such second dollar preference share shall not be treated as having been redeemed until the redemption moneys in question together with any accrued dividend thereon shall have been paid.

If the due date for the payment of the redemption moneys on any second dollar preference share is not a Dollar Business Day then payment of such moneys will be made on the next succeeding day which is a Dollar Business Day and without any interest or other payment in respect of such delay.

The receipt of the holder for the time being of any Registered Share (or in the case of joint holders the receipt of any of them) in respect of the moneys payable on redemption of such Registered Share shall constitute an absolute discharge to the Bank in respect thereof.

No redemption of any second dollar preference shares will be made by the Bank without the prior consent of the Bank of England.

6. **Voting Rights at general meetings**

Holders of Series 1 second dollar preference shares or Series 2 second dollar preference shares shall not be entitled to attend or vote at any general meeting of shareholders of the Bank except as provided below.

Holders of Series 1 second dollar preference shares and/or Series 2 second dollar preference shares (as the case may be) shall have the right to attend any general meeting of the Bank, but will only be entitled to vote on the relevant resolution or resolutions, at which any resolution is proposed (i) to vary or abrogate any of the rights attaching to the Series 1 second dollar preference shares or the Series 2 second dollar preference shares or (ii) to reduce the paid up capital of the Series 1 second dollar preference shares or the Series 2 second dollar preference shares.

Holders of Series 1 second dollar preference shares will also be entitled to receive notice of, attend and vote at any general meeting of the Bank:

- (i) at which any resolution is proposed (a) for the winding-up of the Bank or (b) for the sale of the whole of the business of the Bank, or
- (ii) if the Bank shall have failed to pay in full the dividend payable on the Series 1 second dollar preference shares for the most recent dividend period.

In the case of sub-clause (i) above, the holders of Series 1 second dollar preference shares will be entitled to vote only on the relevant resolution(s). In the case of sub-clause (ii) above, the holders of Series 1 second dollar preference shares will be entitled to vote on all matters put before all general meetings of the Bank until such time as dividends on all outstanding Series 1 second dollar preference shares have been or contemporaneously are paid in full, or a sum shall have been set aside for such payment in full, in respect of three consecutive dividend periods. Holders of Series 2 second dollar preference shares, in their capacity as such, will not be entitled to receive notice of or to attend or vote at any such meetings.

Whenever entitled to vote at a general meeting of the Bank, on a show of hands, each holder of Series 1 second dollar preference shares or Series 2 second dollar preference shares present in person shall have one vote and on a poll each such holder present in person or by proxy shall have three votes per share.

The holders of a majority in nominal value of all first dollar preference shares and second dollar preference shares in issue from time to time who have voting rights as a result of the non-payment of any dividend are entitled to require the Board of Directors of the Bank to

convene an extraordinary general meeting of the Bank upon receipt, at the registered office of the Bank, of a written request stating the objects of the proposed meeting, signed by, or on behalf of, such holders.

The Bank will send to each holder of second dollar preference shares all notices of general meetings of the Bank at which such holder is entitled to attend and will be entitled to vote. Each such notice will include a statement specifying (i) the date of such meeting, (ii) a description of any resolution to be proposed for adoption at such meeting on which such holders are entitled to vote and (iii) instructions for the delivery of proxies. A holder of second dollar preference shares who is not registered with an address in the United Kingdom and who has not supplied to the Bank an address within the United Kingdom for the purpose of the giving of notices is not entitled to receive notices of meetings from the Bank.

7. Further Issues and Variation of Rights

The rights attached to the Series 1 second dollar preference shares and the Series 2 second dollar preference shares will be deemed to be varied by the creation or issue of any shares of any class, or any securities convertible into shares of any class, ranking as regards the right to participate in the profits or assets of the Bank *pari passu* with such Series 1 second dollar preference shares and Series 2 second dollar preference shares.

If the most recent dividend payable on the Series 1 second dollar preference shares and the Series 2 second dollar preference shares shall not have been paid in full, the rights attached to the Series 1 second dollar preference shares and the Series 2 second dollar preference shares will be deemed to be varied by the creation or issue of any other class of shares in the capital of the Bank, or any securities convertible into such shares, ranking as regards the right to participate in the profits or assets of the Bank in priority to the Series 1 second dollar preference shares and the Series 2 second dollar preference shares. However, the rights attached to the Series 1 second dollar preference shares or the Series 2 second dollar preference shares shall not otherwise be deemed to be varied by the creation or issue of any shares of any class in the capital of the Bank (or any securities convertible into shares of any class) ranking as regards the right to participate in the profits or assets of the Bank in priority to or after the Series 1 second dollar preference shares or the Series 2 second dollar preference shares.

Subject to applicable law, the rights attached to the Series 1 second dollar preference shares and the Series 2 second dollar preference shares may be varied or abrogated only with the written consent of the holders of three-quarters in nominal value of, or with the sanction of an extraordinary resolution passed at a separate general meeting of holders of, the Series 1 second dollar preference shares or the Series 2 second dollar preference shares (as the case

may be). The necessary quorum for any such meeting shall be two persons holding or representing by proxy not less than one-third of the Series 1 second dollar preference shares or the Series 2 second dollar preference shares (as the case may be), but at any meeting of such holders adjourned through want of a quorum one holder present in person or by proxy (whatever the number of shares held by him) shall be a quorum. At a class meeting, on a show of hands every holder of such shares present in person is entitled to one vote and, on a poll, every holder of a such shares is entitled to one vote for each such share held by him. The necessary majority for the passing of an extraordinary resolution at a class meeting will be three-quarters of those present in person or by proxy in such class meeting.