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Statement of rights attached to allotted shares

128(1)

Please do not write in this margin

Pursuant to section 128(1) of the Companies Act 1985

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

To the Registrar of Companies

For official use

Company number

[] [] [] [] [] []

14259

Name of company

* MIDLAND BANK PUBLIC LIMITED COMPANY

* insert full name of company

has allotted shares with rights which:

i. are not stated in the company's memorandum or articles or in any resolution or agreement to which section 380 of the above Act applies, and

ii. are not in all respects uniform with those attached to shares previously allotted.

† delete as appropriate

The classes† of such shares and the date of the first allotment of shares in each class and the rights attached to each class are:

Class of Shares	Date of first allotment
Non-cumulative Dollar Preference Shares 'Series B1'	23 February 1995
Description of Rights The rights and restrictions attaching to the non-cumulative dollar preference shares 'Series B1' of US\$0.01 each are set out in the copy of the Terms and Conditions adopted by resolution of a Committee of the Board of Directors on 16 February 1995 attached hereto.	

‡ Insert Director, Secretary, Administrator, Administrative Receiver or Receiver (Scotland) as appropriate

Signed *N. Barker* Designation‡ *Asst. SECRETARY* Date *22-3-95*

Presentor's name address and reference (if any):

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Ref: ATW/M1667/657/BMT

For official Use	
General Section	Post room
	
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**MIDLAND BANK PLC
SERIES B 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 16 February, 1995).

The non-cumulative dollar-denominated preference shares, Series B1, of US\$0.01 each (the "Series B1 dollar preference shares") and the non-cumulative, non-voting dollar-denominated preference shares, Series B2, of US\$0.01 each (the "Series B2 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").

The Series B1 dollar preference shares and Series B2 dollar preference shares (together "Series B dollar preference shares") will initially be deposited under the terms of an agreement made between the Bank, The Bank of New York (the "Depositary") and all holders from time to time of American Depositary Receipts issued by the Depositary thereunder (the "Deposit Agreement").

1. Status, Denomination, Form and Title

The Series B1 dollar preference shares and the Series B2 dollar preference shares constitute separate classes of shares, in each case ranking *pari passu inter se* and with the remainder of the 200,000,000 non-cumulative preference shares of US\$0.01 each (the "dollar preference shares", which term shall include the Series A dollar preference shares of US\$0.01 each of the Bank in issue (the "Series A dollar preference shares") and the Series B dollar preference shares) and the 150,000,000 non-cumulative preference shares of £1 each in the capital of the Bank and with all other shares expressed to rank *pari passu* therewith.

The Series B1 dollar preference shares and the Series B2 dollar preference shares will initially each be issued fully paid in bearer form ("Bearer Shares") in the form of share warrants to bearer within the meaning of the Companies Act 1985 ("Warrants"). Title to the Warrants will pass by delivery. Title to Series B1 dollar preference shares and Series B2 dollar preference shares in registered form ("Registered Shares") will pass by transfer and registration in accordance with the Articles and as described in paragraph 2 below.

2. Exchange for, and 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 and, in the case of a transfer of a share not fully paid, by or on behalf of the transferee. The Directors may, in their absolute discretion, decline to register the transfer of any share (whether or not fully paid) to an infant or bankrupt and may also decline to register any instrument of transfer unless the instrument of transfer is in respect of only Series B1 dollar preference shares or Series B2 dollar preference shares (as the case may be), is duly stamped (if so required) and is deposited at the place in the United Kingdom where the register of members of Series B 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 B1 dollar preference shares and Series B2 dollar preference shares in registered form shall be separately transferable.

Immediately prior to any withdrawal of Series B dollar preference shares from deposit under the Deposit Agreement, upon delivery of the relevant Warrants to the specified office of the registrar for the Series B dollar preference shares (the "Registrar"), the Registrar will issue a share certificate (without dividend coupons) (a "Certificate") in respect of the relevant Series B dollar preference shares in registered form. Upon delivery for exchange, the relevant Warrants shall be cancelled by the Registrar and fresh Warrants, representing the balance of the outstanding Series B dollar preference shares not exchanged on that occasion, if any, shall be issued to the person lodging the same.

Each Certificate representing Series B1 dollar preference shares and Series B2 dollar preference shares will be exchangeable, on application to the specified office of the Registrar and against surrender of such Certificate, for separate Certificates respectively representing such Series B1 dollar preference shares and Series B2 dollar preference shares.

Series B dollar preference shares in registered form shall not be exchangeable for Series B dollar preference shares in bearer form.

Certificates respectively representing more than one Series B1 dollar preference share and/or Series B2 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 B1 dollar preference shares or Series B2 dollar preference shares in registered form, a new Certificate or Certificates in

respect of the Series B1 dollar preference shares or Series B2 dollar preference shares not transferred will be delivered to the transferor at his risk.

3. Dividends

The Series B1 dollar preference shares and the Series B2 dollar preference shares shall confer on the holders thereof the right to receive, in priority to any other class of shares in the capital of the Bank for the time being (other than the one preferred ordinary share of £1 in the capital of the Bank in issue and the Series A dollar preference shares and subject as mentioned in paragraph 8 below), 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 quarterly in arrears on 15 March, 15 June, 15 September and 15 December in each year (each a "Dividend Payment Date") in respect of the quarter (a "dividend period") then ended, but so that the first dividend period shall be from (but excluding) the date of first issue of the Series B dollar preference shares to (and including) 15 March, 1995.

The dividend payable on each Series B1 Dollar Preference Share on any Dividend Payment Date will be fixed at the amount which, when annualised, will be equal to US\$1.64 (exclusive of any B1 UK Associated Tax Credit (as defined below)) (such annualised amount being equal to 8.2% of the liquidation value thereof (being US\$20.00)) (the "B1 Dividend").

The dividend payable on each Series B2 dollar preference share on any Dividend Payment Date (the "B2 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 B1 Dividend payable on such Dividend Payment Date; (ii) the UK Associated Tax Credit in respect of such B1 Dividend (the "B1 UK Associated Tax Credit"); (iii) the B2 Dividend payable on such Dividend Payment Date; and (iv) the UK Associated Tax Credit in respect of such B2 Dividend (the "B2 UK Associated Tax Credit") will be equal to 10.25% of the aggregate of the liquidation values (the "Total Liquidation Value") of a Series B1 dollar preference share and a Series B2 dollar preference share (being US\$25.00); provided that no dividend will be payable on any Series B2 dollar preference share in the event that the sum of the B1 Dividend and the B1 UK Associated Tax Credit is greater than or equal to 10.25% 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 B1 dollar preference share or a Series B2 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 quarterly dividend paid on the Series B1 dollar preference shares or the Series B2 dollar preference shares to be treated as a "foreign income dividend" or (ii) make an election to pay all or any part of any quarterly 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 B2 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 B1 dollar preference shares and the Series B2 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 10.25% of the Total Liquidation Value.

There shall be no adjustment of such dividend rate, however, as a result of any other change in US or UK taxation (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 Series B dollar preference share or an American Depositary Share created in respect thereof (an "ADS") or units thereof evidenced by an American Depositary Receipt (an "ADR") or units thereof and of the cash dividend paid thereon and that is entitled to a Treaty Payment.

A U.S. Holder means a holder of a Series B dollar preference share or a Series B ADS unit 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 Series B dollar preference shares or ADSs. 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

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 quarterly dividend paid on the Series B1 dollar preference shares or the Series B2 dollar preference shares to be treated as a "foreign income dividend" or (ii) make an election to pay all or any part of any quarterly 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 B2 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 B1 dollar preference shares and the Series B2 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 10.25% of the Total Liquidation Value.

There shall be no adjustment of such dividend rate, however, as a result of any other change in US or UK taxation (including the abrogation of, or a change in, the Treaty as in force on the date of adoption of these Terms and Conditions).

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A U.S. Holder means a holder of a Series B dollar preference share or a Series B ADS unit 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 Series B dollar preference shares or ADSs. 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 B1 dollar preference shares and the Series B2 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 B1 dollar preference shares and US\$5 in the case of the Series B2 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 B1 dollar preference shares and the Series B2 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 B1 dollar preference shares, the Series B2 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 B1 dollar preference shares and the Series B2 dollar preference shares (including the Series A dollar preference 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 B1 dollar preference shares and the Series B2 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 B1 dollar preference shares and the Series B2 dollar preference shares (including the Series A 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 B1 dollar preference shares and the Series B2 dollar preference shares), dividends on the Series B1 dollar preference shares and Series B2 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 B1 dollar preference shares and the Series B2 dollar preference shares).

Dividends on the Series B1 dollar preference shares and Series B2 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 B1 dollar preference shares or Series B2 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 Series B dollar preference shares are declared for any future period.

If the dividend payable on the Series B1 dollar preference shares or the Series B2 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 (including the Series A dollar preference shares) ranking, as to dividends, *pari passu* with or after the Series B1 dollar preference shares and the Series B2 dollar preference shares, until such time as dividends on all outstanding Series B1 dollar preference shares and Series B2 dollar preference shares have been or contemporaneously are paid in full, or a sum sufficient for the payment thereof set aside for such payment in full, in respect of the then-current dividend period.

If the dividend payable on the Series B1 dollar preference shares or the Series B2 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 (including the Series A dollar preference shares) ranking, as to repayment of the Bank's capital, *pari passu* with or after the Series B1 dollar preference shares and the Series B2 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 Series B1 dollar preference shares and Series B2 dollar preference shares have been 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 Series B dollar preference shares will be payable, in the case of Bearer Shares, to the holder of such Bearer Shares upon presentation and surrender to the paying agent of dividend coupons in respect thereof and in the case of Registered Shares, to the record holders thereof as they appear on the register for such Series B 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 on Bearer Shares will be made by dollar cheque drawn on, or at the discretion of the Bank by transfer to a dollar account maintained by the payee with, a Bank in London or in The City of New York or, on Registered Shares 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 Series B 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 B1 dollar preference shares and the Series B2 dollar preference shares shall carry no right to participate in the profits of the Bank.

3. 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 B1 dollar preference shares and the Series B2 dollar preference shares shall be entitled to receive, in US dollars, 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 B1 dollar preference shares and the Series B2 dollar preference shares (including the Series A dollar preference shares) and before any distribution of assets is made to holders of any other class of shares of the Bank ranking after the Series B1 dollar preference shares and the Series B2 dollar preference shares as regards repayment of capital, the amount of (i) US\$20.00 per share, in the case of the Series B1 dollar preference shares, and (ii) US\$5.00 per share, in the case of the Series B2 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 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 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 Series B dollar preference shares and any other preference shares of the Bank ranking as to any such distribution *pari passu* with the Series B dollar preference shares (including the Series A dollar preference shares) are not paid in full, the holders of the Series B 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 Series B 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.

4. Redemption

The Bank shall be entitled, subject to the provisions of applicable law, to redeem all or some only of the Series B dollar preference shares by giving to the holders of the Series B 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 24 February, 2000.

Any such redemption shall be made at the redemption price of (i) US\$20.00 per share, in the case of the Series B1 dollar preference shares, and (ii) US\$5.00 per share, in the case of the Series B2 dollar preference shares; provided that in the case of the redemption of any or all of the Series B2 dollar preference shares, the Bank has paid, on or before the Redemption Date, any special dividend due, if applicable, in respect of the shares to be redeemed as specified below:-

Redemption Date	Special dividend per Series B2 dollar preference share US\$
24 February 2000 to 23 February 2001 inclusive	1.2813
24 February 2001 to 23 February 2002 inclusive	1.0256
24 February 2002 to 23 February 2003 inclusive	0.7692
24 February 2003 to 23 February 2004 inclusive	0.5128
24 February 2004 to 23 February 2005 inclusive	0.2564
On or after 24 February 2005	Nil

In addition, upon the redemption of all or any of the Series B1 dollar preference shares or the Series B2 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) for the then-current dividend period.

In the event that less than all of the outstanding Series B dollar preference shares are to be redeemed, the Series B 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 Series B 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 Series B 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 of Registered Shares represented by Certificates 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 Series B 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.

Payments in respect of the amount due on redemption of Bearer Shares 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 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 Warrants and all unmatured dividend coupons and talons (if any) at the place (or one of the places) specified in the Notice of Redemption. Upon the relevant Redemption Date all unmatured dividend coupons and any talon for additional dividend coupons appertaining thereto (whether or not returned) shall become void and no payment will be made in respect thereof. If the Warrants so surrendered represent any Series B dollar preference shares not to be redeemed on the relevant Redemption Date the Bank shall issue, free of charge, a fresh Warrant or Warrants representing 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 Series B dollar preference shares due for redemption shall cease to accrue, except on any such Series B dollar preference share in respect of which, upon the due surrender of the Certificate or, as the case may be, the Warrant and all unmatured dividend coupons and talons (if any) 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 Series B 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 Series B 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) and the receipt of the person delivering any Warrant to the place or one of the places specified in the Notice of Redemption in respect of the moneys payable on redemption of such Registered Share or, as the case may be, such Bearer Share shall constitute an absolute discharge to the Bank in respect thereof.

6. Purchase

Subject to certain limitations contained in the Articles, applicable law (including, without limitation, U.S. Federal securities law) and applicable regulations of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited, the Bank may at any time and from time to time purchase outstanding Series B1 dollar preference shares and Series B2 dollar preference shares in the open market, by tender (to all holders alike) or by private agreement in each case upon such terms as the Directors of the Bank shall determine, provided that the Bank may purchase or cause to be purchased Series B1 dollar preference shares and Series B2 dollar preference shares only by the purchase of equal numbers of Series B1 dollar preference shares and Series B2 dollar preference shares.

No redemption or repurchase of any Series B dollar preference shares will be made by the Bank without the prior consent of the Bank of England.

7. Voting Rights

Holders of Series B1 dollar preference shares or Series B2 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 B1 dollar preference shares and/or Series B2 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 B1 dollar preference shares or the Series B2 dollar preference shares or (ii) to reduce the paid up capital of the Series B1 dollar preference shares or the Series B2 dollar preference shares.

Holders of Series B1 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 B1 Dollar Preference Shares for the most recent dividend period.

In the case of sub-clause (i) above, the holders of Series B1 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 B1 dollar preference shares will be entitled to vote on all matters put before all general meetings of the Bank until such time as the Bank shall have paid in full the dividend payable on the Series B1 dollar preference shares for three consecutive dividend periods. Holders of Series B2 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 B1 Dollar preference shares or Series B2 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 dollar preference shares (as defined in the Articles) in issue from time to time (including holders of Series B1 dollar preference shares) 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 Series B 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 Series B 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.

8. Further Issues and Variation of Rights

The rights attached to the Series B1 dollar preference shares and the Series B2 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 in priority to such Series B1 dollar preference shares and Series B2 dollar preference shares.

If the most recent dividend payable on dollar preference shares (as defined in the Articles) of any series in issue (including the Series B1 dollar preference shares, the Series B2 dollar preference shares and the Series A dollar preference shares) shall not have been paid in full, the rights attached to the Series B1 dollar preference shares and the Series B2 dollar preference shares will be deemed to be varied by the creation or issue of any further series of dollar preference shares, any sterling preference shares (as defined in the Articles) or any other shares 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 *pari passu* with the Series B1 dollar preference shares and the Series B2 dollar preference shares; provided, however, that the rights attached to the Series B1 dollar preference shares or the Series B2 dollar preference shares shall not otherwise be deemed to be varied by the creation or issue of any such further shares, whether carrying identical rights or different rights in any respect including as to dividend, premium on a return of capital, redemption or conversion and whether denominated in US dollars or any other currency.

Subject to applicable law, the rights attached to the Series B1 dollar preference shares and the Series B2 dollar preference shares are to be capable of being varied or abrogated 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 B1

dollar preference shares or the Series B2 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 B1 dollar preference shares or the Series B2 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.