

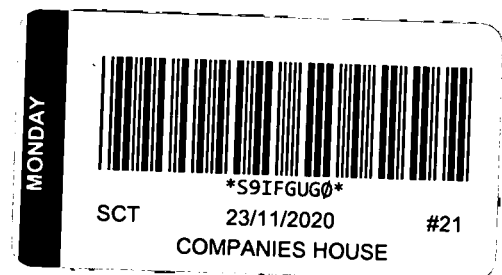
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THE COMPANIES ACT 2006  
PUBLIC LIMITED COMPANY

ARTICLES OF ASSOCIATION  
of

SCOTTISH NATIONAL INVESTMENT BANK PLC

(adopted by special resolution passed with effect from 22nd November 2020)



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ARTICLES OF ASSOCIATION  
of  
SCOTTISH NATIONAL INVESTMENT BANK PLC

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**PART 1**

EXCLUSION OF MODEL ARTICLES, INTERPRETATION AND LIMITATION OF LIABILITY

**1 Exclusion of Model Articles**

The articles prescribed in any legislation relating to companies do not apply as the articles of association of the Bank.

**2 Defined terms**

2.1 In these articles of association, unless the context requires otherwise:

the "Act" means the Scottish National Investment Bank Act 2020;

"alternate" or "alternate director" has the meaning given in article 14;

"appointor" has the meaning given in article 14.1;

"Articles" means the Bank's articles of association as amended from time to time and the expression "this article" refers to a particular article of the Bank's articles of association;

"Audit Committee" means the committee established pursuant to article 20.1;

"Bank" means the Scottish National Investment Bank plc;

"board" means the board of directors of the Bank;

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"call" has the meaning given in article 54;

"call notice" has the meaning given in article 54;

"certificate" means a paper certificate (other than a share warrant) evidencing a person's title to specified shares or other securities;

"chair" has the meaning given in article 10.2;

"chair of the meeting" has the meaning given in article 38.3;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the Bank;

"company secretary" means the secretary, or (if there are joint secretaries) any one of the joint secretaries, of the Bank and includes an assistant or deputy secretary and any person appointed by the directors to perform any of the duties of the secretary;

"director" means a director of the Bank, and includes any person occupying the position of director, by whatever name called;

"distribution recipient" has the meaning given in article 61.2;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"electronic form" has the meaning given in section 1168 of the Companies Act 2006;

"electronic general meeting" means a general meeting hosted on an electronic platform;

"electronic platform" includes but is not limited to any video or audio conferencing system or any other platform which enables a person to communicate to others attending the meeting;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the Bank in respect of that share have been paid to the Bank;

"hard copy form" has the meaning given in section 1168 of the Companies Act 2006;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares (which, in accordance with article 8, may only be the Sole Member);

"instrument" means a document in hard copy form;

"member" has the meaning given in section 112 of the Companies Act 2006;

"Objects" means the main object set out in article 5.1 and the ancillary objects set out in article 5.2;

"ordinary resolution" has the meaning given in section 282 of the Companies Act 2006;

"paid" means paid or credited as paid;

"participate", in relation to a directors' meeting, has the meaning given in article 26;

"partly paid" in relation to a share means that part of that share's nominal value or any premium at which it was issued has not been paid to the Bank;

"present" means, for the purposes of physical general meetings, present in person, or, for the purposes of electronic general meetings, present by electronic means (and references to persons attending "by electronic means" is defined as attendance at electronic general meetings via the electronic platform stated in the notice of such meeting);

"proxy notice" has the meaning given in article 45.1;

"Risk Committee" means the committee established pursuant to Article 20.1;

"securities seal" has the meaning given in article 52.1(a);

"shares" means shares in the Bank;

"Sole Member" means the Scottish Ministers;

"special resolution" has the meaning given in section 283 of the Companies Act 2006;

"subsidiary" has the meaning given in section 1159 of the Companies Act 2006; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

2.2 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Acts as in force on the date when these Articles become binding on the Bank.

### 3 **Liability of member**

The liability of the Sole Member is limited to the amount, if any, unpaid on the shares held by them.

## VISION, OBJECTS AND POWERS

### 4 **Vision of the Bank**

The Bank's vision is to provide finance and act to catalyse private investment to achieve a step change in growth for the Scottish economy by powering innovation and accelerating the move to a net-zero emissions, high-tech, connected, globally-competitive and inclusive economy.

### 5 **Objects of the Bank**

5.1 The Bank's main object is giving financial assistance to commercial activities for the purpose of promoting or sustaining economic development or employment in Scotland.

5.2 The Bank has the following ancillary objects:

- (a) investing in inclusive and sustainable economic growth;
- (b) investing to promote social wellbeing;
- (c) investing to promote environmental wellbeing, and in particular:
  - (i) support the transitions required to meet the net-zero emissions target (as defined in section A1 of the Climate Change (Scotland) Act 2009);
  - (ii) support the proposals and policies regarding circular economy initiatives set out in the latest climate change action plan to be laid before the Scottish Parliament under section 35 of the Climate Change (Scotland) Act 2009; and
  - (iii) promote biodiversity;
- ~~(d) promoting the just transition principles (as defined in section 35C of the Climate Change (Scotland) Act 2009);~~
- (e) promoting and developing the activities of enterprises, where lack of financial investment is holding back economically viable commercial activity;
- (f) promoting and developing the activities of small and medium-sized enterprises;
- (g) promoting and developing the activities of enterprises which:
  - (i) promote fair work (construed in accordance with section 23 of the Act); and
  - (ii) pay their employees a living wage (construed in accordance with section 15(7) of the Procurement Reform (Scotland) Act 2014);
- (h) creating and shaping markets through the provision of patient capital;
- (i) contributing to the achievement of the Scottish Government's economic, social and environmental policy objectives; and
- (j) advancing equality and non-discrimination.

### 6 **General powers of the Bank**

- 6.1 The Bank may do anything for the purpose of its Objects (including, without limitation, undertaking any of the activities set out in articles 6.2 and 6.3).
- 6.2 Financial assistance may be given on any terms or conditions, and by any description of investment, lending or guarantee, and may, in particular, take the form of:
- (a) investment by the Bank, alone or with others, through acquisition of loan or share capital in any company;
  - (b) investment by the Bank, alone or with others, through acquisition of any undertaking or assets;
  - (c) a loan, whether secured or unsecured, and whether or not carrying interest;
  - (d) insurance or a guarantee to meet any contingency (including default on payment of a loan, or of interest on a loan, or any other failure to fulfil a contractual obligation); and
  - (e) assistance to a third sector body (as defined by section 37 of the Community Justice (Scotland) Act 2016).
- 6.3 The Bank, for the furtherance of its Objects, shall be entitled to form and act through subsidiaries provided it shall consult with, and seek the prior consent of, the Sole Member prior to (i) the incorporation of any subsidiary or (ii) any alteration to the articles of association of such subsidiary.

**7 Borrowing powers of the Bank**

The Bank may borrow money from the Sole Member but may not borrow from any other person.

**OWNERSHIP OF THE BANK**

**8 Ownership of the Bank**

- 8.1 Notwithstanding any other provision in these Articles, the directors of the Bank may not allot shares or grant rights to subscribe for shares to anyone except the Sole Member.
- 8.2 Notwithstanding any other provision in these Articles, shares may not be transferred by the Sole Member to any other person.

**BOARD OF DIRECTORS**

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**9 Composition of the board**

- 9.1 The composition of the board must meet the requirements set out in article 9.2:
- 9.2 The Bank is to have between 9 and 13 directors of which:
- (a) there must be at least two executive directors (being the Chief Executive and the Chief Financial Officer);
  - (b) there may not be more than four executive directors; and
  - (c) at least two thirds must be non-executive directors.

**10 Appointment of directors and other officers**

- 10.1 All of the directors are to be appointed by the Sole Member.
- 10.2 The Sole Member shall appoint one of the persons appointed as a non-executive director to the office of the chair.

- 10.3 The Sole Member shall appoint one of the persons appointed as an executive director as the Chief Executive and one of the other persons appointed as an executive director as the Chief Financial Officer.
- 10.4 The period of a non-executive director's appointment is to be a period, not exceeding five years, specified by the Sole Member when making the appointment.
- 10.5 A person may be appointed to the office of non-executive director more than once but no person may hold the office of non-executive director for a cumulative period exceeding eight years.
- 10.6 The appointment of non-executive directors is to be made in accordance with section 2 of the Public Appointments and Public Bodies etc. (Scotland) Act 2003.
- 10.7 The appointment of a person to the office of executive director may be for such period as specified by the Sole Member when making the appointment (which, for the avoidance of doubt, may include an undetermined period).

## 11 **Removal of directors and other officers**

11.1 A person ceases to hold the office of director as soon as:

- (a) that person ceases to be a director by virtue of any provision of the Companies Acts or is prohibited from being a director by law;
- (b) the person becomes insolvent, meaning:
  - (i) the person's estate has been sequestrated;
  - (ii) the person has granted a trust deed for, or entered into a composition contract with, creditors;
  - (iii) the person has been adjudged bankrupt;
  - (iv) a voluntary arrangement proposed by the person has been approved;
  - (v) the person's application for a debt payment programme has been approved under section 2 of the Debt Arrangement and Attachment (Scotland) Act 2002; or
  - (vi) ~~the person has become subject to any order or arrangement analogous to any of those described in articles 11.1(b)(i) to 11.1(b)(v) anywhere in the world;~~
- (c) a registered medical practitioner who is treating that person gives a written opinion to the Bank stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months; or
- (d) notification is received by the Bank from the person that the person is resigning from office as director, and such resignation has taken effect in accordance with its terms.

11.2 A person will also cease to hold the office of director if:

- 11.2.1 the period of the person's appointment expires and the person is not re-appointed as a director;
- 11.2.2 that person's appointment is terminated in accordance with the provisions of the appointment; or
- 11.2.3 that person is removed from office by the Standards Commission for Scotland under the Ethical Standards in Public Life etc. (Scotland) Act 2000 (or for any period for which that person is suspended in accordance with the provisions of that Act).



- 11.3 A person who ceases to hold the office of a director will also cease to hold any other office of the Bank to which that person was appointed.
- 11.4 Where a director who holds the office of chair, Chief Executive or Chief Financial Officer resigns from that office then that person will also be deemed to have resigned as a director.

## REMUNERATION AND EXPENSES OF DIRECTORS

### 12 Remuneration of directors

- 12.1 Directors may undertake any services for the Bank that the directors decide.
- 12.2 Subject to any direction of the Sole Member, the directors are entitled to such remuneration as the directors may determine:
- (i) for their services to the Bank as directors; and
  - (b) for any other service which they undertake for the Bank.
- 12.3 For the purposes of article 12.2:
- (a) a director's remuneration may:
    - (i) take any form; and
    - (ii) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director;
  - (b) a director's remuneration may accrue from day to day; and
  - (c) the directors may disregard any remuneration which a director receives as a director or other officer or employee of the Bank's subsidiaries or of any other body corporate in which the Bank is interested.
- 12.4 The directors may not delegate their function of determining the remuneration of the directors under article 12.2.

### 13 Expenses of directors

- 13.1 The Bank may pay any reasonable expenses which the directors properly incur in connection with their attendance at:
- (a) meetings of directors or committees of directors; and
  - (b) general meetings,
- or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Bank.

## ALTERNATE DIRECTORS

### 14 Appointment and removal of alternates

- 14.1 Any director (the "appointor") may appoint as an alternate any other director, or any other person approved by the Sole Member, to:
- 14.1.1 exercise that director's powers; and
  - 14.1.2 carry out that director's responsibilities,
- in relation to the taking of decisions by the directors in the absence of the alternate's appointor.

- 14.2 Any appointment or removal of an alternate must be effected by notice in writing to the Bank signed by the appointor, or in any other manner approved by the directors or the Sole Member.
- 14.3 The notice must:
- 14.3.1 identify the proposed alternate; and
  - 14.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

## 15 **Rights and responsibilities of alternate directors**

- 15.1 An alternate director has the same rights, in relation to any directors' meeting or directors' written resolution, as the alternate's appointor.
- 15.2 Except as these Articles specify otherwise, alternate directors:
- 15.2.1 are deemed for all purposes to be directors;
  - 15.2.2 are liable for their own acts and omissions;
  - 15.2.3 are subject to the same restrictions as their appointors; and
  - 15.2.4 are not deemed to be agents of or for their appointors.
- 15.3 A person who is an alternate director but not a director:
- 15.3.1.1 may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating); and
  - 15.3.1.2 may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

No alternate may be counted as more than one director for such purposes.

- 15.4 An alternate director is not entitled to receive any remuneration from the Bank for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Bank.

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## 16 **Termination of alternate directorship**

- 16.1 An alternate director's appointment as an alternate terminates:
- 16.1.1 when the alternate's appointor revokes the appointment by notice to the Bank in writing specifying when it is to terminate;
  - 16.1.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - 16.1.3 on the death of the alternate's appointor; or
  - 16.1.4 when the alternate's appointor's appointment as a director terminates, except that an alternate's appointment as an alternate does not terminate when the appointor retires by rotation at a general meeting and is then re-appointed as a director at the same general meeting.

## DIRECTORS' POWERS AND RESPONSIBILITIES

### 17 **Directors' general authority**

17.1 Subject to article 18.1, the directors are responsible for the management of the Bank's business, for which purpose they may exercise all of the powers of the Bank.

17.2 The validity of any proceedings of the directors (or of any committee of the directors) or the exercise of any of the directors' (or any committee of the directors') powers shall not be affected by any temporary vacancy or vacancies arising from time to time in the membership of the board or any defect in the appointment of a member of the board and the directors (or any committee of the directors) may continue to act and exercise all of their powers as directors (or powers delegated to them as a committee of the directors) during the period of any such temporary vacancy or in the event of any such defect.

## 18 **Members' reserve power**

18.1 The Sole Member may, by special resolution, direct the directors to take, or refrain from taking, specified action.

18.2 No such special resolution invalidates anything which the directors have done before the passing of the resolution.

## 19 **Directors may delegate to committees etc.**

19.1 Subject to article 12.4 and respecting the functions of the Audit Committee and the Risk Committee as set out in Article 20, the directors may delegate any of the powers which are conferred on them under these Articles:

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (c) to such an extent;
- (d) in relation to such matters or territories; and
- (e) on such terms and conditions,

as they think fit.

19.2 Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by directors.

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19.3 The directors may make rules of procedure for all or any committees provided that such rules are compatible, and consistent, with these Articles.

19.4 If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated and any committee may sub-delegate any of its powers or discretions to sub-committees (and a reference in these Articles to committees includes sub-committees permitted under this article).

19.5 The directors may revoke any delegation in whole or part, or alter its terms and conditions.

## 20 **Audit Committee and Risk Committee**

20.1 The directors must establish the Audit Committee and the Risk Committee in accordance with this article.

20.2 The Audit Committee has the function of providing independent review and oversight of the Bank's financial reporting processes, internal controls and independent auditors.

20.3 The Risk Committee has the function of reviewing the Bank's risk-management systems.

20.4 Each of the Audit Committee and the Risk Committee must be chaired by a non-executive director.

## 21 **Minimum Ethical Investment Standards**

The Bank's board is responsible for the Bank:

- (a) having ethical investment standards which align with its Objects and its strategic missions (as referred to in sections 15 to 17 of the Act); and
- (b) having in place processes to ensure that the Bank's investment decisions are taken in accordance with those standards.

## 22 **Balanced Scorecard**

22.1 The Bank must prepare and update a document ("the balanced scorecard") to assist its preparation of reports under the Act.

22.2 In preparing and updating the balanced scorecard, the Bank is to have regard to:

- (a) the economic impact of the performance of its investments over time;
- (b) the social impact of the performance of its investments over time;
- (c) the environmental impact of the performance of its investments over time; and
- (d) any other impact (financial or non-financial) of the performance of its investments over time as the board considers to be relevant.

## 23 **Gender equality strategy**

23.1 The Bank is to prepare, and from time to time update, a gender equality strategy.

23.2 In doing this the Bank is to consult persons with experience in or knowledge of the formulation, implementation and evaluation of policies intended to tackle gender inequality.

23.3 The Bank is to make its gender equality strategy publicly available.

23.4 The Bank's gender equality strategy may be in any form that the Bank considers appropriate and (in particular) may be part of another document.

23.5 The Bank's gender equality strategy is to set out:

- (a) what the Bank is committed to doing to advance gender equality in Scotland (in particular through its investing and staffing practices); and
- (b) what information the Bank intends to collect for the purpose of carrying out the evaluations required by section 20(1) of the Act.

## **PART 2**

### **DECISION-MAKING BY DIRECTORS**

## 24 **Directors to take decisions collectively**

24.1 Decisions of the directors may be taken:

- (a) at a directors' meeting; or
- (b) in the form of a directors' written resolution.

## 25 **Calling a directors' meeting**

- 25.1 Any director may call a directors' meeting.
- 25.2 The company secretary must call a directors' meeting if a director so requests.
- 25.3 A directors' meeting is called by giving notice of the meeting to the directors.
- 25.4 Notice of any directors' meeting must indicate:
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 25.5 Notice of a directors' meeting must be given to each director, but need not be in writing.
- 25.6 Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Bank not more than seven days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## 26 **Participation in directors' meetings**

- 26.1 Directors participate in a directors' meeting, or part of a directors' meeting, when:
- (a) the meeting has been called and takes place in accordance with these Articles; and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- 26.2 In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- 26.3 If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

## 27 **Quorum for directors' meetings**

- 27.1 At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting or a general meeting.
- 27.2 If no quorum is fixed by the directors, two directors are a quorum. Subject to these Articles, if a director ceases to be a director at a directors' meeting, he can continue to be present and to act as a director and be counted in the quorum until the end of the meeting if no other director objects and if otherwise a quorum of directors would not be present.

## 28 **Chairing directors' meetings**

- 28.1 The chair shall chair the directors' meetings. The directors may appoint directors other than the chair as deputy or assistant chair to chair directors' meetings in the chair's absence.
- 28.2 The directors may terminate the appointment of the deputy or assistant chair at any time.
- 28.3 If neither the chair nor any director appointed generally to chair directors' meetings in the chair's absence is participating in a meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

## 29 **Voting at directors' meetings: general rules**

- 29.1 A decision is taken at a directors' meeting by a majority of the votes of the participating directors.
- 29.2 Each director participating in a directors' meeting has one vote.
- 29.3 If a director has an interest in an actual or proposed transaction or arrangement with the Bank, that director and that director's alternate may not vote on any proposal relating to it (but this does not preclude the alternate from voting in relation to that transaction or arrangement on behalf of another appointor who does not have such an interest).

**30 Chair's casting vote at directors' meetings**

- 30.1 If the numbers of votes for and against a proposal are equal, the chair or other director chairing the meeting has a casting vote.
- 30.2 But this does not apply if, in accordance with articles 29.3, 32.1.1 and 32.2, the chair or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

**31 Alternates voting at directors' meetings**

- 31.1 A director who is also an alternate director has an additional vote on behalf of each appointor who is:
- 31.1.1 not participating in a directors' meeting; and
- 31.1.2 would have been entitled to vote if they were participating in it.

**32 Conflicts of interest**

*Conflicts of interest requiring authorisation by directors*

- 32.1 The directors may, if the quorum and voting requirements set out below are satisfied, authorise any matter that would otherwise involve a director breaching their duty under the Companies Acts to avoid conflicts of interest, and any director (including the director concerned) may propose that the director concerned be authorised in relation to any matter the subject of such a conflict provided that:
- 32.1.1 such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and resolved upon by the directors under the provisions of these Articles, except that the directors concerned and any other director with a similar interest:
- 32.1.1.1 shall not be counted for quorum purposes as participating in the decision-making process while the conflict is under consideration;
- 32.1.1.2 may, if the other directors so decide, be excluded from participating in the decision-making process while the conflict is under consideration; and
- 32.1.1.3 shall not vote on any resolution authorising the conflict; and
- 32.1.2 where the directors give authority in relation to such a conflict:
- 32.1.2.1 they may (whether at the time of giving the authority or at any time or times subsequently) impose such terms upon the director concerned and any other director with a similar interest as they may determine, including, without limitation, the exclusion of that director and any other director with a similar interest from the receipt of information, or participation in any decision-making or discussion (whether at meetings of the directors or otherwise) related to the conflict;

- 32.1.2.2 the director concerned and any other director with a similar interest will be obliged to conduct themselves in accordance with any terms imposed from time to time by the directors in relation to the conflict but will not be in breach of their duties as a director by reason of their doing so;
- 32.1.2.3 the authority may provide that, where the director concerned and any other director with a similar interest obtains information that is confidential to a third party, the director will not be obliged to disclose that information to the Bank, or to use that information in relation to the Bank's affairs, where to do so would amount to a breach of that confidence;
- 32.1.2.4 the authority may also provide that the director concerned or any other director with a similar interest shall not be accountable to the Bank for any benefit that they receive as a result of the conflict;
- 32.1.2.5 the receipt by the director concerned or any other director with a similar interest of any remuneration or benefit as a result of the conflict shall not constitute a breach of the duty under the Companies Acts not to accept benefits from third parties;
- 32.1.2.6 the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
- 32.1.2.7 the directors may withdraw such authority at any time

*Interest in a transaction or arrangement*

- 32.2 If a directors' meeting, or part of a directors' meeting, is concerned with an actual or proposed transaction or arrangement with the Bank in which a director is interested, that director is not to be counted as participating in that meeting, or part of a meeting, for quorum or voting purposes.
- 32.3 But if article 32.4 applies, a director who is interested in an actual or proposed transaction or arrangement with the Bank is to be counted as participating in a decision at a directors' meeting, or part of a directors' meeting, relating to it for quorum and voting purposes.
- 32.4 This article applies when:
  - (a) the Bank by ordinary resolution dis-applies the provision of these Articles which would otherwise prevent a director from being counted as participating in, or voting at, a directors' meeting;
  - (b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
  - (c) the director's conflict of interest arises from a permitted cause.
- 32.5 For the purposes of article 32.4(c), the following are permitted causes:
  - (a) a guarantee given, or to be given, to a director in respect of an obligation incurred by or on behalf of the Bank or any of its subsidiaries; and
  - (b) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the Bank or any of its subsidiaries which do not provide special benefits for directors or former directors.

*Right to participate*

- 32.6 Subject to article 32.77, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chair whose ruling in relation to any director other than the chair is to be final and conclusive.

32.7 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chair, the question is to be decided by a decision of the directors at that meeting, for which purpose the chair is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

### **33 Proposing directors' written resolutions**

33.1 Any director may propose a directors' written resolution.

33.2 The company secretary must propose a directors' written resolution if a director so requests.

33.3 A directors' written resolution is proposed by giving notice of the proposed resolution to the directors.

33.4 Notice of a proposed directors' written resolution must indicate:

(a) the proposed resolution; and

(b) the time by which it is proposed that the directors should adopt it.

33.5 Notice of a proposed directors' written resolution must be given in writing to each director.

33.6 Any decision which a person giving notice of a proposed directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.

### **34 Adoption of directors' written resolutions**

34.1 A proposed directors' written resolution is adopted when all the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it, provided that those directors would have formed a quorum at such a meeting.

34.2 It is immaterial whether any director signs the resolution before or after the time by which the notice proposed that it should be adopted.

34.3 Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with these Articles.

34.4 The company secretary must ensure that the Bank keeps a record, in writing, of all directors' written resolutions for at least ten years from the date of their adoption.

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### **35 Directors' discretion to make further rules**

35.1 Subject to these Articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

## **PART 3**

### **DECISION-MAKING BY THE MEMBER**

#### **ORGANISATION OF GENERAL MEETINGS**

### **36 Attendance and speaking at general meetings**

36.1 The board shall determine whether a general meeting is to be held as (i) a physical general meeting; (ii) an electronic general meeting; or (iii) both an electronic general meeting and physical general meeting. The board may call general meetings whenever and at such times and places (including the type of electronic platform) as it shall determine.

36.2 The notice shall specify whether the meeting shall be (i) a physical general meeting; (ii) an electronic general meeting; or (iii) both an electronic general meeting and physical general meeting. The notice of general meeting shall specify the place, date and time of the physical meeting (if relevant), details of any electronic platform for the meeting (if relevant), whether the



meeting will be an annual general meeting and the general nature of the business to be transacted. Any electronic platform may vary from time to time and from meeting to meeting as the board, in its sole discretion, sees fit.

- 36.3 If the general meeting is held as (i) an electronic general meeting or (ii) both an electronic general meeting and physical general meeting, those members attending by electronic means and present at the electronic general meeting shall be counted in the quorum for, and entitled to vote at, the general meeting in question in addition to (if relevant) those members present at the general meeting and attending the physical meeting location. The meeting shall be duly constituted and its proceedings valid if the chair of the general meeting is satisfied that adequate facilities are available throughout the electronic general meeting to ensure that members attending the electronic general meeting who are not present together at the same place (or present with those at the physical general meeting (if relevant)) may, by electronic means, attend and speak and vote at it.
- 36.4 The board may make any arrangement and impose any requirement or restriction as is:
- 36.4.1 necessary to ensure the identification of those taking part and the security of the electronic communication; and
- 36.4.2 proportionate to those objectives.
- 36.5 In this respect the board is able to authorise any voting application, system or facility for electronic general meetings as it sees fit.
- 36.6 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 36.7 A person is able to exercise the right to vote at a general meeting when:
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 36.8 The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- 36.9 In determining attendance at a general meeting, it is immaterial whether any two or more persons attending it are in the same place as each other.
- 36.10 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 37 **Quorum for general meetings**
- 37.1 No business other than the appointment of the chair of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.
- 37.2 The quorum for a general meeting shall be one person who is entitled to vote. Such person can be the holder, a representative of the holder or a proxy of the holder.
- 38 **Chairing general meetings**
- 38.1 The chair shall chair general meetings if present and willing to do so.
- 38.2 If the chair is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:

- (a) the directors present; or
- (b) (if no directors are present), the meeting,

must appoint a director or member to chair the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

38.3 The person chairing a meeting in accordance with this article is referred to as "the chair of the meeting".

### 39 **Attendance and speaking by directors and non-members**

39.1 Directors may attend and speak at general meetings, even though they are not members.

39.2 The chair of the meeting may permit other persons who are not:

- (a) representatives of the Sole Member; or
- (b) otherwise entitled to exercise the rights of the Sole Member in relation to general meetings,

to attend and speak at a general meeting.

### 40 **Adjournment**

40.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chair of the meeting must adjourn it.

40.2 The chair of the meeting may adjourn a general meeting at which a quorum is present if:

- (a) the meeting consents to an adjournment; or
- (b) it appears to the chair of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

40.3 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.

40.4 When adjourning a general meeting, the chair of the meeting must:

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

40.5 If the continuation of an adjourned meeting is to take place more than fourteen days after it was adjourned, the Bank must give at least seven clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):

- (a) to the same persons to whom notice of the Bank's general meetings is required to be given; and
- (b) containing the same information which such notice is required to contain.

40.6 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

## VOTING AT GENERAL MEETINGS

### 41 **Voting: general**

41.1 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with article 43.

## 42 **Errors and disputes**

42.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

42.2 Any such objection must be referred to the chair of the meeting whose decision is final.

## 43 **Demanding a poll**

43.1 A poll on a resolution may be demanded:

- (a) in advance of the general meeting where it is to be put to the vote; or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

43.2 A poll may be demanded by:

- (a) the chair of the meeting;
- (b) the directors; or
- (c) the Sole Member (or its representative or proxy).

43.3 A demand for a poll may be withdrawn if:

- (a) the poll has not yet been taken; and
- (b) the chair of the meeting consents to the withdrawal.

## 44 **Procedure on a poll**

44.1 Subject to these Articles, polls at general meetings must be taken when, where and in such manner as the chair of the meeting directs.

44.2 The chair of the meeting may appoint scrutineers and decide how and when the result of the poll is to be declared.

44.3 The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.

44.4 A poll on:

- (a) the election of the chair of the meeting; or
- (b) a question of adjournment,

must be taken immediately.

44.5 Other polls must be taken within thirty days of their being demanded.

44.6 A demand for a poll does not prevent a general meeting from continuing, except as regards the question on which the poll was demanded.

44.7 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.

- 44.8 In any other case, at least seven days' notice must be given specifying the time and place at which the poll is to be taken.
- 45 **Content of proxy notices**
- 45.1 Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:
- (a) identifies the person appointed to be the Sole Member's proxy and the general meeting in relation to which that person is appointed;
  - (b) is signed by or on behalf of the Sole Member appointing the proxy, or is authenticated in such manner as the directors may determine; and
  - (c) is delivered to the Bank in accordance with these Articles and any instructions contained in the notice of the general meeting to which they relate.
- 45.2 The Bank may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- 45.3 Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 45.4 Unless a proxy notice indicates otherwise, it must be treated as:
- (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
  - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.
- 46 **Delivery of proxy notices**
- 46.1 Any notice of a general meeting must specify the address or addresses ("proxy notification address") at which the Bank or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.
- 46.2 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Bank by or on behalf of that person.
- 46.3 Subject to articles 46.4 and 46.5, a proxy notice must be delivered to a proxy notification address not less than 48 hours before the general meeting or adjourned meeting to which it relates.
- 46.4 In the case of a poll taken more than 48 hours after it is demanded, the notice must be delivered to a proxy notification address not less than 24 hours before the time appointed for the taking of the poll.
- 46.5 In the case of a poll not taken during the meeting but taken not more than 48 hours after it was demanded, the proxy notice must be delivered:
- (a) in accordance with article 46.3; or
  - (b) at the meeting at which the poll was demanded to the chair, secretary or any director.
- 46.6 An appointment under a proxy notice may be revoked by delivering a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given to a proxy notification address.
- 46.7 A notice revoking a proxy appointment only takes effect if it is delivered before:
- (a) the start of the meeting or adjourned meeting to which it relates; or

(b) (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.

46.8 If a proxy notice is not signed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### 47 **Amendments to resolutions**

47.1 An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:

(a) notice of the proposed amendment is given to the company secretary in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the of the meeting may determine; and

(b) the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

47.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:

(a) the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

47.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

### RESTRICTIONS ON MEMBER'S RIGHTS

#### 48 **No voting of shares on which money owed to the Bank**

No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Bank in respect of that share have been paid.

### PART 4

#### SHARES AND DISTRIBUTIONS

##### INTERESTS IN SHARES

#### 49 **The Bank not bound by less than absolute interests**

No person is to be recognised by the Bank as holding any share upon any trust and the Bank is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

##### SHARE CERTIFICATES

#### 50 **Certificates to be issued**

50.1 The Bank must issue the Sole Member with one or more certificates in respect of the shares which the Sole Member holds.

50.2 Except as otherwise specified in these Articles, all certificates must be issued free of charge.

50.3 No certificate may be issued in respect of shares of more than one class.

## 51 **Contents and execution of share certificates**

51.1 Every certificate must specify:

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) the amount paid up on them; and
- (d) any distinguishing numbers assigned to them.

51.2 Certificates must:

- (a) have affixed to them the Bank's common seal or an official seal which is a facsimile of the Bank's common seal with the addition on its face of the word "Securities" (a "securities seal"); or
- (b) be otherwise executed in accordance with the Companies Acts.

## 52 **Consolidated share certificates**

52.1 When the Sole Member's holding of shares of a particular class increases, the Bank may issue the Sole Member with:

- (a) a single, consolidated certificate in respect of all the shares of a particular class which the Sole Member holds; or
- (b) a separate certificate in respect of only those shares by which the Sole Member's holding has increased.

52.2 When the Sole Member's holding of shares of a particular class is reduced, the Bank must ensure that the Sole Member is issued with one or more certificates in respect of the number of shares held by the Sole Member after that reduction. But the Bank need not (in the absence of a request from the Sole Member) issue any new certificate if:

- (a) all the shares which the Sole Member no longer holds as a result of the reduction; and
- (b) none of the shares which the Sole Member retains following the reduction,

were, immediately before the reduction, represented by the same certificate.

52.3 The Sole Member may request the Bank, in writing, to replace:

- (a) the Sole Member's separate certificates with a consolidated certificate; or
- (b) the Sole Member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the Sole Member may specify.

52.4 When the Bank complies with such a request it may charge such reasonable fee as the directors may decide for doing so.

52.5 A consolidated certificate must not be issued unless any certificates which it is to replace have first been returned to the Bank for cancellation.

## 53 **Replacement share certificates**

53.1 If a certificate issued in respect of the Sole Member's shares is:

- (a) damaged or defaced; or
- (b) said to be lost, stolen or destroyed,

the Sole Member is entitled to be issued with a replacement certificate in respect of the same shares.

53.2 The Sole Member exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the Bank if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### PARTLY PAID SHARES

#### 54 Call notices

54.1 Subject to these Articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to the Sole Member requiring the Sole Member to pay the Bank a specified sum of money (a "call") which is payable in respect of shares which the Sole Member holds at the date when the directors decide to send the call notice.

54.2 A call notice:

- (a) may not require the Sole Member to pay a call which exceeds the total sum unpaid on the Sole Member's shares (whether as to the share's nominal value or any amount payable to the Bank by way of premium);
- (b) must state when and how any call to which it relates it is to be paid; and
- (c) may permit or require the call to be paid by instalments.

54.3 The Sole Member must comply with the requirements of a call notice, but is not obliged to pay any call before fourteen days have passed since the notice was sent.

54.4 Before the Bank has received any call due under a call notice the directors may:

- (a) revoke it wholly or in part; or
- (b) specify a later time for payment than is specified in the notice,

by a further notice in writing to the Sole Member in respect of whose shares the call is made.

#### 55 When call notice need not be issued

55.1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Bank in respect of that share (whether in respect of nominal value or premium):

- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

55.2 But if the due date for payment of such a sum has passed and it has not been paid, the Sole Member is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest.

#### 56 Failure to comply with call notice: automatic consequences

- 56.1 If a person is liable to pay a call and fails to do so by the call payment date that person must pay the Bank interest on the call from the call payment date at the relevant rate.
- 56.2 For the purposes of this article:
- (a) the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date;
  - (b) the "relevant rate" is:
    - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
    - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
    - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.
- 56.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.
- 56.4 The directors may waive any obligation to pay interest on a call wholly or in part.

#### PROHIBITION ON TRANSFER AND TRANSMISSION OF SHARES

##### 57 **Transfers of shares**

In accordance with article 8, the directors must refuse to register the transfer of any share.

##### 58 **Transmission of shares**

In accordance with article 8, title to a share cannot be transmitted to any person and the directors must refuse to register the transmission of any share.

### PART 5

#### DISTRIBUTIONS

##### 59 **Procedure for declaring dividends**

- 59.1 The Bank may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.
- 59.2 A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- 59.3 Unless the Sole Member's resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to the Sole Member's holding of shares on the date of the resolution or decision to declare or pay it.
- 59.4 The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

##### 60 **Calculation of dividends**

- 60.1 Except as otherwise provided by these Articles or the rights attached to shares, all dividends must be:
- (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and



- (b) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

60.2 If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

60.3 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of the due date for payment of that amount.

## 61 **Payment of dividends and other distributions**

61.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:

- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
- (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

61.2 In these Articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable, the holder of the share.

## 62 **No interest on distributions**

62.1 The Bank may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the Sole Member and the Bank.

## 63 **Unclaimed distributions**

63.1 All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the Bank until claimed.

63.2 The payment of any such dividend or other sum into a separate account does not make the Bank a trustee in respect of it.

63.3 If—

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Bank.

#### **64 Non-cash distributions**

64.1 Subject to the terms of issue of the share in question, the Bank may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

64.2 For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

#### **65 Waiver of distributions**

65.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the Bank notice in writing to that effect.

#### **66 Scrip dividends**

66.1 The board may, with the authority of an ordinary resolution of the Bank, offer any holders of a particular class of shares the right to elect to receive further shares of that class or ordinary shares, in either case credited as fully paid ("new shares"), instead of cash in respect of all (or some part) of any dividend specified by the ordinary resolution (a "scrip dividend") in accordance with the following provisions of this article.

66.2 The ordinary resolution may specify a particular dividend (whether or not already declared) or may specify all or any dividends declared within a specified period, but such period may not end later than five years after the date of the meeting at which the ordinary resolution is passed.

66.3 The basis of allotment shall be decided by the board so that, as nearly as may be considered convenient, the value of the new shares, including any fractional entitlement, is equal to the amount of the cash dividend which would otherwise have been paid (disregarding the amount of any associated tax credit).

66.4 The value of the new shares shall be calculated in such manner as may be determined by or in accordance with the ordinary resolution.

66.5 The board shall give notice to the holders of the relevant class of shares of their rights of election in respect of the scrip dividend and shall specify the procedure to be followed in order to make an election.

66.6 The dividend or that part of it in respect of which an election for the scrip dividend is made shall not be paid and instead the new shares shall be allotted in accordance with elections duly made and the board shall capitalise a sum equal to the aggregate nominal amount of the new shares to be allotted out of such sums available for the purpose as the board may consider appropriate.

66.7 The new shares so allotted shall rank **pari passu** in all respects with the fully paid shares of that class then in issue except as regards participation in the relevant dividend.

66.8 The board may do all acts and things as it considers necessary or expedient to give effect to the provisions of a scrip dividend election and the issue of any new shares in accordance with the provisions of this article, and may make such provisions as it thinks fit for the case of shares becoming distributable in fractions. To the extent that the entitlement of any holder of shares in respect of any dividend is less than the value of one new share (as determined for the basis of

any scrip dividend) the board may also from time to time establish or vary a procedure for such entitlement to be accrued and aggregated with any similar entitlement for the purposes of any subsequent scrip dividend.

- 66.9 The board may from time to time establish or vary a procedure for election mandates, under which a holder of shares may, in respect of any future dividends for which a right of election pursuant to this article is offered, elect to receive new shares in lieu of such dividend on the terms of such mandate.
- 66.10 The board shall not make a scrip dividend available unless the directors have sufficient authority to allot and issue shares and the Bank has sufficient unissued shares and undistributed profits or reserves to give effect to elections which could be made to receive that scrip dividend.
- 66.11 The board may decide at any time before the new shares are allotted that such shares shall not be allotted and pay the relevant dividend in cash instead. Such decision may be made before or after any election has been made by holders of shares in respect of the relevant dividend.

## CAPITALISATION OF PROFITS

### 67 **Authority to capitalise and appropriation of capitalised sums**

- 67.1 Subject to these Articles, the directors may, if they are so authorised by an ordinary resolution:
- (a) decide to capitalise any profits of the Bank (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Bank's share premium account or capital redemption reserve; and
  - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- 67.2 Capitalised sums must be applied:
- (a) on behalf of the persons entitled; and
  - (b) in the same proportions as a dividend would have been distributed to them.
- 67.3 Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 67.4 A capitalised sum which was appropriated from profits available for distribution may be applied:
- (a) in or towards paying up any amounts unpaid on existing shares held by the persons entitled; or
  - (b) in paying up new debentures of the Bank which are then allotted credited as fully paid to the persons entitled or as they may direct.
- 67.5 Subject to these Articles the directors may:
- (a) apply capitalised sums in accordance with articles 67.3 and 67.4 partly in one way and partly in another;
  - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
  - (c) authorise any person to enter into an agreement with the Bank on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## PART 6

### MISCELLANEOUS PROVISIONS

#### COMMUNICATIONS

##### 68 Means of communication to be used

- 68.1 Subject to these Articles, anything sent or supplied by or to the Bank under these Articles may be sent or supplied in any way in which the Companies Acts provides for documents or information which are authorised or required by any provision of the Companies Acts to be sent or supplied by or to the Bank.
- 68.2 Subject to these Articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- 68.3 A director may agree with the Bank that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.
- 68.4 Any document or information sent by post and addressed to the Sole Member at the address specified in writing from time to time by the Sole Member, is deemed to be received 48 hours after it was put in the post if pre-paid as first class post, and in proving service it is sufficient to prove that the envelope containing the document or information was properly addressed, prepaid and posted. Any document or information not sent by post but left at such address for service shall be deemed to have been received on the day it was so left.
- 68.5 Where the Sole Member is present, either in person or by proxy, at any meeting of the Bank or class of members of the Bank, they shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which the meeting was convened.

#### ADMINISTRATIVE ARRANGEMENTS

##### 69 The Bank's seals

- 69.1 Any common seal may only be used by the authority of the directors.
- 69.2 The directors may decide by what means and in what form any common seal or securities seal is to be used.
- 69.3 Unless otherwise decided by the directors, if the Bank has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- 69.4 For the purposes of this article, an authorised person is:
- (a) any director of the Bank;
  - (b) the company secretary; or
  - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
- 69.5 If the Bank has an official seal for use abroad, it may only be affixed to a document if its use on that document, or documents of a class to which it belongs, has been authorised by a decision of the directors.
- 69.6 If the Bank has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary.

69.7 For the purposes of these Articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the directors in relation to that document or documents of a class to which it belongs.

## 70 **Destruction of documents**

70.1 The Bank is entitled to destroy:

- (a) all dividend mandates, variations or cancellations of dividend mandates, and notifications of change of address, from two years after they have been recorded;
- (b) all share certificates which have been cancelled from one year after the date of the cancellation;
- (c) all paid dividend warrants and cheques from one year after the date of actual payment; and
- (d) all proxy notices from one year after the end of the meeting to which the proxy notice relates.

70.2 If the Bank destroys a document in good faith, in accordance with these Articles, and without notice of any claim to which that document may be relevant, it is conclusively presumed in favour of the Bank that:

- (a) entries in the register purporting to have been made on the basis of an instrument of transfer or other document so destroyed were duly and properly made;
- (b) any instrument of transfer so destroyed was a valid and effective instrument duly and properly registered;
- (c) any share certificate so destroyed was a valid and effective certificate duly and properly cancelled; and
- (d) any other document so destroyed was a valid and effective document in accordance with its recorded particulars in the books or records of the Bank.

70.3 This article does not impose on the Bank any liability which it would not otherwise have if it destroys any document before the time at which this article permits it to do so.

70.4 In this article, references to the destruction of any document include a reference to its being disposed of in any manner.

## 71 **No right to inspect accounts and other records**

71.1 Except as provided by law or authorised by the directors or an ordinary resolution of the Bank, no person is entitled to inspect any of the Bank's accounting or other records or documents merely by virtue of being a member.

## 72 **Staffing**

72.1 The directors may employ such members of staff as the directors determine.

72.2 Subject to any direction of the Sole Member, the members of staff are entitled to such remuneration as the directors may determine and the directors may determine to make provision for the benefit of persons employed or formerly employed by the Bank or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Bank or that subsidiary.

## 72.3 **Company secretary**

Subject to the Companies Acts, the directors must appoint a company secretary (or two or more persons as joint secretary) for such term, at such remuneration and upon such conditions as the directors may think fit; and any company secretary (or joint secretary) so appointed may be removed by the directors. The directors may also from time to time appoint on such terms as they think fit, and remove, one or more assistant or deputy secretaries.

## DIRECTORS' INDEMNITY AND INSURANCE

### 73 Indemnity

73.1 Subject to article 73.2, a relevant director of the Bank or an associated company may be indemnified out of the Bank's assets against:

- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the Bank or an associated company;
- (b) any liability incurred by that director in connection with the activities of the Bank or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006); and
- (c) any other liability incurred by that director as an officer of the Bank or an associated company.

73.2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

73.3 In this article:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) a "relevant director" means any director or former director of the Bank or an associated company.

### 74 Insurance

74.1 The directors may decide to purchase and maintain insurance, at the expense of the Bank, for the benefit of any relevant director in respect of any relevant loss.

74.2 In this article:

- (a) a "relevant director" means any director or former director of the Bank or an associated company;
- (b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the Bank, any associated company or any pension fund or employees' share scheme of the Bank or associated company; and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

## AMENDMENT OF THE ARTICLES

### 75 Amendment of the Articles

Notwithstanding any other provision in these Articles, articles 4 (Vision of the Bank), 5 (Objects of the Bank), 6 (General powers of the Bank), 7 (Borrowing powers of the Bank), 8 (Ownership of the Bank), 9 (Composition of the board), 10.1, 10.2, 10.3, 10.4 and 10.5 (Appointment of directors and other officers), 11.1 (Removal of directors and other officers), 19 (Directors may delegate to Committees, etc.), 20 (Audit Committee and Risk Committee), 21 (Minimum Ethical Investment Standards), 22 (Balanced scorecard), 23 (Gender equality strategy), 72.2 (Staffing)

and this article 75 (Amendment of the articles) may only be amended or repealed in accordance with section 31 of the Act.