



OakNorth Bank plc

(incorporated under the laws of England and Wales with company number 08595042)

£150,000,000 10.000 per cent. Fixed Rate Reset Callable

Subordinated Notes due 2035

Issue price: 100 per cent.

The £150,000,000 10.000 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035 (the “Notes”) will be issued by OakNorth Bank plc (the “Issuer” or “OakNorth”) on or about 9 October 2024 (the “Issue Date”). The Notes will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 9 January 2030 (the “Reset Date”), at a rate of 10.000 per cent. per annum and thereafter at the Reset Rate of Interest as provided in Condition 5. Interest will be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date, commencing on 9 July 2025 (with a long first Interest Period).

Unless previously redeemed or purchased and cancelled, the Notes will mature on 9 January 2035. Holders of the Notes (“Holders” or “Noteholders”) will have no right to require the Issuer to redeem or purchase the Notes at any time. The Issuer may, in its discretion but subject to the conditions described in Condition 6(b), elect to (a) redeem all (but not some only) of the Notes at their principal amount, together with unpaid interest accrued to (but excluding) the date fixed for redemption, at any time in the three months prior to and including the Reset Date or at any time if a Tax Event or a Capital Disqualification Event (each as defined in Condition 19) has occurred or at any time if 75 per cent. or more of the aggregate principal amount of the Notes originally issued has been purchased by the Issuer or by others for the Issuer’s account and cancelled, or (b) repurchase the Notes. If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to the conditions described in Condition 6(b), either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so they remain or, as appropriate, become, Qualifying Tier 2 Securities (as defined in Condition 19).

The Notes will be direct, unsecured, unguaranteed and subordinated obligations of the Issuer, ranking *pari passu* and without any preference amongst themselves, and will, in the event of the Winding-Up (as defined in Condition 19) of the Issuer, be subordinated to the claims of all Senior Creditors (as defined in Condition 19) of the Issuer but shall rank (i) at least *pari passu* with all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (as defined in Condition 19) (if any) and all obligations which rank or are expressed to rank *pari passu* therewith and (ii) in priority to all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital (as defined in Condition 19) (if any) and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

This Information Memorandum constitutes “Admission Particulars” for the purposes of the admission of the Notes to the International Securities Market (the “ISM”) of the London Stock Exchange plc (the “London Stock Exchange”) and, for such purposes, does not constitute, and has not been approved, as a prospectus for the purposes of the Regulation (EU) 2017/1129 (as amended) as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”) (the “UK Prospectus Regulation”). The ISM is not a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA (“UK MiFIR”). This Information Memorandum is available for viewing on the website of the London Stock Exchange. References in this Information Memorandum to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to trading on the ISM.

The ISM is a market designated for professional investors. Notes admitted to trading on the ISM are not admitted to the Official List of the Financial Conduct Authority (the “FCA”). The London Stock Exchange has not approved or verified the contents of this Information Memorandum.

The Notes will be issued in registered form and will be available and transferable in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Notes will initially be represented by a global certificate in registered form (the “Global Certificate”) which will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking S.A. (“Clearstream, Luxembourg” and, together with Euroclear, the “Clearing Systems”).

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed “Risk Factors”. The Notes will not be rated on issue.

Manager

Goldman Sachs International

This Information Memorandum may be used only for the purposes for which it has been published.

The Issuer accepts responsibility for the information contained in this Information Memorandum. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

Certain information in this Information Memorandum has been extracted or derived from independent sources. Where this is the case, the source has been identified. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by the relevant source, no facts have been omitted which would render the reproduced information inaccurate or misleading.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Information Memorandum or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer.

This Information Memorandum is to be read in conjunction with all documents which are incorporated by reference herein (see “*Documents Incorporated by Reference*”).

The Manager (as defined in “*Subscription and Sale*”), the Principal Paying Agent and the Trustee have not separately verified the information contained in this Information Memorandum. None of the Manager, the Principal Paying Agent or the Trustee makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information contained (or incorporated by reference) in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Notes. None of the Manager, the Principal Paying Agent or the Trustee accepts any liability in relation to the information contained in this Information Memorandum or any other information provided by the Issuer in connection with the offering of the Notes or their distribution. Neither this Information Memorandum nor any other information supplied in connection with the offering of the Notes is intended to constitute, and should not be considered as, a recommendation by any of the Issuer, the Manager, the Principal Paying Agent or the Trustee that any recipient of this Information Memorandum or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each potential purchaser should make its own independent investigation of the financial condition and affairs and its own approval of the credit worthiness of the Issuer. Each potential purchaser of Notes should determine for itself the relevance of information contained in this Information Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Manager, the Principal Paying Agent or the Trustee undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Information Memorandum nor to advise any investor or potential investor in the Notes of any information coming to their attention.

Neither the delivery of this Information Memorandum nor the offering, placing, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same.

In the ordinary course of business, the Manager has engaged and may in the future engage in normal banking or investment banking transactions with the Issuer and its affiliates or any of them.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or the securities laws of any state or any other jurisdiction of the United States. Subject

to certain exceptions, the Notes may not be offered, sold or delivered within the United States (as defined in Regulation S).

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of the investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Information Memorandum or any applicable supplement; (b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; (c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential Investor's Currency (as defined in this Information Memorandum); (d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (e) is able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

This Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to or from any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Information Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer does not represent that this Information Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and it does not assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer which is intended to permit a public offering of the Notes or the distribution of this Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Information Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Information Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Information Memorandum and the offer or sale of Notes in the United States and the United Kingdom.

MiFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ECPs ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/ EU (as amended, "**MiFID II**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

UK MiFIR PRODUCT GOVERNANCE/PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the COBS, and professional clients, as defined in the UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and

professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

EU PRIIPS REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or both) of: (i) a retail client as defined in point (11) of MiFID II and (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the “**Insurance Distribution Directive**” or “**IDD**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the “**PRIIPS Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPS REGULATION – PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement IDD, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPS Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPS Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPS Regulation.

SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

IN CONNECTION WITH THE ISSUE OF THE NOTES, GOLDMAN SACHS INTERNATIONAL AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILISATION MAY NOT NECESSARILY OCCUR. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF

THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

FORWARD-LOOKING STATEMENTS

Certain information contained in this Information Memorandum, including any information as to the Issuer's strategy, growth, the sectors and markets in which the Issuer operates, plans or future financial or operating performance and dividend policy constitutes "forward-looking statements". All statements, other than statements of historical fact, are forward-looking statements. The words "believe", "expect", "anticipate", "contemplate", "target", "plan", "intend", "continue", "project", "aim", "estimate", "may", "will", "could", "should", "schedule" and similar expressions identify forward-looking statements.

Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Issuer, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, those described in "*Risk Factors*".

Investors are cautioned that forward-looking statements are not guarantees of future performance. Forward-looking statements may, and often do, differ materially from actual results. Any forward-looking statements in this Information Memorandum speak only as at the date of this Information Memorandum, reflect the current view of the Issuer with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Issuer's operations, results of operations, strategy, liquidity, capital and leverage ratios and the availability of new funding. Investors should specifically consider the factors identified in this Information Memorandum that could cause actual results to differ before making an investment decision. All of the forward-looking statements made in this Information Memorandum are qualified by these cautionary statements. Specific reference is made to the information set out in "*Risk Factors*" and "*Description of OakNorth's Business*".

Subject to applicable law or regulation, the Issuer explicitly disclaims any intention or obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this Information Memorandum that may occur due to any change in the Issuer's expectations or to reflect events or circumstances after the date of this Information Memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Historical financial information

The historical financial information incorporated by reference in this Information Memorandum has been prepared, for the financial years ended 31 December 2022 and 31 December 2023, in accordance with UK-adopted International Accounting Standards (“IFRS”) and the historical financial information set out under the section headed “*Description of OakNorth’s Business - H1-2024 updates and recent developments*” as of and for the six months ended 30 June 2024 has been prepared in accordance with UK-adopted International Accounting Standards (“IAS”) as defined by the UK Endorsement Board (UKEB).

Unless otherwise indicated, the historical financial information presented in this Information Memorandum consists of (i) consolidated and non-consolidated audited financial information of the Issuer and the Group for the financial years ended 31 December 2022 and 31 December 2023 and (ii) the unpublished and unaudited condensed interim consolidated financial information of the Group as of and for the six months ended 30 June 2024.

Non IFRS Financial Measures

The Issuer presents certain key performance measures that are not defined under IFRS but that it finds useful in analysing its results and that it believes are widely used by investors to monitor the results of banks generally. These measures include total facilities, net income, provision coverage, net interest margin, efficiency ratio, return on required equity, leverage ratio, Common Equity Tier 1 capital ratio and total capital ratio. Some of these measures are defined by, and calculated in compliance with, applicable banking regulations, but these regulations often provide the Issuer with certain discretion in making its calculations.

Because of the discretion that the Issuer and other banks have in defining these measures and calculating the reported amounts, care should be taken in comparing these various measures with similar measures used by other banks. These measures should not be used as a substitute for evaluating the performance of the Issuer based on its audited balance sheet and profit and loss statement.

Non-financial information operating data

The non-financial operating data included in this Information Memorandum has been extracted without material adjustments from the management records of the Issuer and is unaudited.

Currency and units presentation

All references in this Information Memorandum to “sterling”, “pounds sterling”, “GBP”, “£” or “pence” are to the lawful currency of the United Kingdom. The Issuer prepares its financial statements in pounds sterling. All references to “€” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. All references to “U.S.\$”, “\$”, “USD”, “U.S. Dollars” or “Dollars” are to United States Dollars. All references to “m” are to million.

Unless otherwise indicated, the financial information contained in this Information Memorandum has been expressed in pound sterling.

Roundings

Percentages and certain amounts in this Information Memorandum, including financial, statistical and operating information, have been rounded. As a result, the figures shown as totals may not be the precise sum of the figures that precede them.

Market, economic and industry data

Certain information in this Information Memorandum has been sourced from third parties. The Issuer confirms that all third party information contained in this Information Memorandum has been accurately reproduced and, so far as the Issuer is aware and able to ascertain from information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

Where third party information has been used in this Information Memorandum, the source of such information has been identified.

No incorporation of website information

The contents of the Issuer's website, any website mentioned in this Information Memorandum, or any website directly or indirectly linked to these websites (including the website of OakNorth Bank plc) have not been verified and do not form part of this Information Memorandum, and investors should not rely on such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be incorporated by reference in, and form part of, this Information Memorandum, save that any documents referred to in any of the documents set forth below do not form part of this Information Memorandum:

- (i) the audited financial statements of the Issuer and the Issuer's group comprising the Issuer and its subsidiary (the "**Group**") including the notes to the financial statements and the independent auditors' report thereon for the financial year ended 31 December 2022 set out on pages 91 to 153 (inclusive) of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2022 (the "**2022 Financial Statements**");
- (ii) the audited financial statements of the Issuer and the Group including the notes to the financial statements and the independent auditors' report thereon for the financial year ended 31 December 2023 set out on pages 72 to 125 (inclusive) of the Issuer's Annual Report and Financial Statements for the year ended 31 December 2023 (the "**2023 Financial Statements**", together with the 2022 Financial Statements, the "**Annual Financial Statements**");
- (iii) the Issuer's Pillar 3 disclosures (unaudited) for the year ended 31 December 2023; and
- (iv) the following parts of the Issuer's published Annual Report for the financial year ended 31 December 2023 ("**2023 Annual Report**"):
 - Strategic report on pages 15 to 21;
 - Environment, social and governance review – Environment on pages 24 to 26, 28 to 31 and the table at the top of page 32 (including the first paragraph thereafter), up to but not including the paragraph titled "*Streamlined Energy and Carbon Reporting (SECR)*";
 - Governance review on pages 40 to 44; and
 - Risk Management Framework and Risk Review on pages 45 to 64.

The 2022 Financial Statements and the 2023 Financial Statements were prepared in accordance with IFRS and are incorporated by reference in this Information Memorandum.

Copies of the Documents Incorporated by Reference may be obtained from the "*Investors*" area and "*Pillar 3 disclosures*" area of the Issuer's website at www.oaknorth.co.uk.

The unpublished and unaudited condensed interim consolidated financial information of the Group as of and for the six months ended 30 June 2024 (the "**H1-2024**") is contained in the section titled "*H1-2024 updates and recent developments*".

TABLE OF CONTENTS

	Page
DOCUMENTS INCORPORATED BY REFERENCE.....	9
OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES	11
RISK FACTORS.....	16
TERMS AND CONDITIONS OF THE NOTES.....	58
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE.....	78
USE OF PROCEEDS.....	81
DESCRIPTION OF OAKNORTH'S BUSINESS.....	82
SUPERVISION AND REGULATION OVERVIEW	103
TAXATION	105
SUBSCRIPTION AND SALE.....	107
GENERAL INFORMATION	110

OVERVIEW OF THE PRINCIPAL FEATURES OF THE NOTES

The following overview provides an overview of certain of the principal features of the Notes and is qualified by the more detailed information contained elsewhere in this Information Memorandum. Capitalised terms which are defined in the Terms and Conditions of the Notes (the “**Terms and Conditions of the Notes**”) have the same respective meanings when used in this overview. References to numbered Conditions are to the terms and conditions of the Notes (the “**Conditions**”) as set out under “Terms and Conditions of the Notes”.

Issuer	OakNorth Bank plc
Trustee	Citibank, N.A., London Branch
Principal Paying Agent, Agent Bank, Registrar and Transfer Agent	Citibank, N.A., London Branch
Notes	£150,000,000 10.000 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035.
Risk factors	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes and the Trust Deed. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. See “ <i>Risk Factors</i> ”.
Status of the Notes	The Notes will constitute direct, unsecured, unguaranteed and subordinated obligations of the Issuer and will rank <i>pari passu</i> , without any preference, among themselves.
Rights on a Winding-Up	The rights and claims of Noteholders in the event of a Winding-Up of the Issuer are described in Conditions 3 and 4.
Interest	<p>The Notes will bear interest on their principal amount:</p> <ul style="list-style-type: none">(a) from (and including) the Issue Date to (but excluding) the Reset Date, at the rate of 10.000 per cent. per annum; and(b) thereafter, at the Reset Rate of Interest (as more fully described in Condition 5(d)), <p>in each case payable in equal instalments semi-annually in arrear on 9 January and 9 July in each year (each, an “Interest Payment Date”), commencing on 9 July 2025 (with a long first Interest Period).</p>
Maturity	Unless previously redeemed, purchased and cancelled or substituted, the Notes will mature on 9 January 2035. The Notes may only be redeemed, repurchased or substituted by the Issuer (or in the case of a repurchase pursuant to Condition 6(g), by the Issuer or another on behalf of the Issuer) in the circumstances described below (as more fully described in Condition 6).
Optional redemption	The Issuer may, in its sole discretion but subject to the conditions set out under “ <i>Conditions to redemption, substitution, variation and purchase</i> ” below, redeem all (but not some only) of the Notes at any time in the three months prior to and including 9 January 2030 (the “ Reset Date ”) at their principal amount

together with any unpaid interest accrued to (but excluding) the date fixed for redemption.

Clean up call option

The Issuer may, in its sole discretion but subject to the conditions set out under “*Conditions to redemption, substitution, variation and purchase*” below, redeem all (but not some only) of the Notes at any time, if prior to the giving of notice thereof 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 15 and consolidated and forming a single series with the Notes shall be deemed to have been originally issued) has been purchased by the Issuer or by others for the Issuer’s account and cancelled, at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption.

Redemption following a Capital Disqualification Event or a Tax Event

The Issuer may, in its sole discretion but subject to the conditions set out under “*Conditions to redemption, substitution, variation and purchase*” below, redeem all (but not some only) of the Notes at any time following the occurrence of a Capital Disqualification Event or a Tax Event, in each case at their principal amount together with unpaid interest accrued to (but excluding) the date fixed for redemption, subject to, in the case of a redemption of the Notes occurring prior to the fifth anniversary of the Reference Date, the Issuer having demonstrated to the satisfaction of the Relevant Authority that (i) in the case of a Tax Event, the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date or (ii) in the case of a Capital Disqualification Event, the relevant change in regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date.

Substitution and Variation following a Capital Disqualification Event or a Tax Event

The Issuer may, subject to certain conditions and upon notice to Noteholders, at any time elect to substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities if, prior to the giving of the relevant notice to Noteholders, a Tax Event or Capital Disqualification Event has occurred.

Conditions to redemption, substitution, variation and purchase

Any redemption, substitution, variation or purchase of the Notes prior to their maturity will, in each case if and to the extent then required under prevailing Regulatory Capital Requirements, be subject to the Issuer having obtained prior Supervisory Permission therefor (and such Supervisory Permission having not been revoked by the relevant date of such redemption, substitution, variation or purchase) and in the case of any redemption or purchase of any Notes to either:

- (a) the Issuer having (or will on or before the relevant redemption or purchase date, have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or

- (b) save in the case of the paragraph below, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the own funds and eligible liabilities of the Issuer and/or the Issuer Group (as required by the Relevant Authority at the relevant time) would, following such redemption or purchase, exceed its minimum applicable own funds and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time.

In the case of any purchase of the Notes prior to the fifth anniversary of the Reference Date, this will be subject to either (A) the Issuer having, before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

If, at the time of a redemption, purchase, substitution or variation, the prevailing Regulatory Capital Requirements permit the redemption (or purchase, substitution or variation) only after compliance with one or more alternative or additional pre-conditions to those set out in paragraphs (a) and (b) or under “*Redemption following a Capital Disqualification Event or a Tax Event*” above, the Issuer shall instead comply with such other and/or, as appropriate, additional pre-condition(s).

Purchase of the Notes

The Issuer may, at its option but subject to the conditions set out under “*Conditions to redemption, substitution, variation and purchase*” above, purchase (or otherwise acquire) or procure others to purchase (or otherwise acquire) beneficially for its account, any of the outstanding Notes at any price in the open market or otherwise in the circumstances permitted by the then prevailing Regulatory Capital Requirements. All Notes purchased by or on behalf of the Issuer may at the option of the Issuer and subject to obtaining Supervisory Permission therefor (and such Supervisory Permission not having been revoked), be held, reissued, resold or, at the option of the Issuer, cancelled.

Withholding tax and Additional Amounts

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not

principal or any other amount), the Issuer will (subject to certain customary exceptions, as described in Condition 9) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

In no event will the Issuer be required to pay any Additional Amounts in respect of the Notes for, or on account of, any withholding or deduction required pursuant to Sections 1471 through 1474 of the US Internal Revenue Code of 1986 and any regulations or agreements thereunder or any official interpretations thereof or any law implementing an intergovernmental approach thereto.

Enforcement

If the Issuer has not made payment of any amount in respect of the Notes for a period of seven days or more (in the case of principal) or 14 days or more (in the case of interest), in each case after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Notes and, unless proceedings for a winding-up have already commenced, the Trustee may institute proceedings for a winding-up. The Trustee may prove and/or claim in any Winding-Up (whether or not instituted by the Trustee) and shall have such claim as is set out in Condition 4(a).

The Trustee may, at its discretion and without notice, institute such other proceedings and/or take any other steps or action against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation, including any damages) provided that in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to the Conditions and the Trust Deed. No Noteholder shall be entitled to proceed directly against the Issuer or to institute proceedings for a winding-up unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

See Condition 8 for further information.

Modification

The Trust Deed will contain provisions for convening meetings of Noteholders to consider any matter affecting their interests, pursuant to which defined majorities of the Noteholders may consent to the modification or abrogation of any of the Conditions or any of the provisions of the Trust Deed, and any such modification or abrogation shall be binding on all Noteholders.

Substitution of the Issuer

The Trustee may, without the consent of the Noteholders but subject to the Issuer having obtained any requisite Supervisory

Permission therefor (and such Supervisory Permission having not been revoked by the relevant date of such substitution), agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute of the Issuer) as the principal debtor under the Notes and the Trust Deed of any person or persons incorporated in any country in the world subject to the Trustee being satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders, and subject to certain other conditions set out in Condition 11(c) being complied with.

Form

The Notes will be issued in registered form. The Notes will initially be represented by a Global Certificate and will be registered in the name of a nominee of a common depositary for the Clearing Systems.

Denomination

£100,000 and integral multiples of £1,000 in excess thereof.

Clearing systems

Euroclear and Clearstream, Luxembourg.

Rating

The Notes will not be rated.

Listing

Application has been made for the Notes to be admitted to the International Securities Market (the “ISM”) of the London Stock Exchange. The ISM is not a regulated market for the purposes of UK MiFIR.

Governing law

The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed, will be governed by, and construed in accordance with, English law.

ISIN

XS2910525927

Common Code

291052592

RISK FACTORS

Any investment in the Notes is subject to a number of risks, most of which are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

Prior to investing in the Notes, prospective investors should carefully consider the risk factors associated with any investment in the Notes, the Issuer and the financial services industry in the UK in general, together with all the other information contained, and incorporated, in this document. This section describes the risk factors which are considered by the Issuer to be material to the Issuer and an investment in the Notes. However, these should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. There may be other risks and uncertainties which are currently not known to the Issuer or which it currently does not consider to be material. Should any of the risks described below, or any other risks or uncertainties occur, this could have a material adverse effect on the Issuer's business, results of operation, financial condition or prospects which in turn would be likely to cause the price of the Notes to decline and, as a result, an investor in the Notes could lose some or all of its investment.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Notes are also described below.

Any of these factors, individually or in the aggregate, could have an adverse effect on the Issuer's business, results of operations, financial condition and prospects which in turn would be likely to cause the price of the Notes to decline and, as a result, an investor in the Notes could lose some or all of its investment. In addition, many of these factors are correlated and may require changes to the Issuer's capital requirements, and events described therein could therefore have a compounding adverse effect on the Issuer.

Prospective investors should also read the detailed information set out, and incorporated, elsewhere in this Information Memorandum and reach their own views prior to making any investment decision.

Risks related to OakNorth's business

Macro-economic and geopolitical risk – OakNorth's business and financial performance is influenced by macro-economic factors impacting the UK and the U.S. economies, volatility in the geopolitical landscape, and global economic and financial markets generally

OakNorth's revenues are currently derived primarily from UK and (to a much smaller degree) U.S.-based customers. Accordingly, OakNorth's business is subject to risks from economic conditions in the UK and U.S., in particular, adverse changes in economic growth, interest rates, unemployment, inflation, indebtedness, consumer confidence and/or property prices, could reduce the level of demand for OakNorth's products, as well as potentially adversely affecting the credit quality of its existing assets.

The year ended 31 December 2023 was marked with significant and continuing political and economic challenges on a global scale. Inflationary pressures and the cost-of-living crisis continued to persist, leading central banks (across both the UK and the rest of the developed world) to continue monetary policy tightening measures and to increase central bank base rates. As a consequence of multiple factors, the UK economy suffered from low growth in 2023.

The first half of 2024 saw improvements in the economic environment in the UK, indicating better than expected growth. Headline inflation has trended downwards and returned to the Bank of England's target levels, though services inflation continues to remain high. In August 2024, the Bank of England lowered the base rate to 5 per cent. for the first time since 2020 and the markets expect further rate cuts in 2024. The lead up to the now concluded UK general election, however, created a level of instability within the UK political landscape. The new UK government is expected to continue to follow a tight fiscal policy to continue to reduce public sector net debt as a proportion of the 'Gross Domestic Product' ("UK GDP"). The policies of the UK

government that will be unveiled in the coming months, and in particular those that will be announced at the 'UK's Autumn Budget', are expected to determine overall investor confidence and how the UK GDP will grow in the coming years. Growth in the U.S. in the first half of 2024 was also better than expected, with improvement in consumer spending and strong domestic demand, improvements in the labour market and stable levels of spending by the business and government sectors. However, the outlook for the second half of 2024 remains uncertain. The market expectation is that the Federal Reserve System (the "**Federal Reserve**") will introduce rate cuts in the coming months. As the U.S. presidential elections draw near, the markets continue to monitor outlook for tax, trade and regulatory policies.

Continued geopolitical tensions on multiple fronts are likely to continue to impact the global economy and global supply chains remain vulnerable to such ongoing issues.

OakNorth continues to monitor these ongoing developments and maintains a high degree of vigilance in relation to both its underwriting, portfolio management activities and liquidity management in an effort to mitigate its exposure to these events. Worsening of or uncertainty in economic conditions and outlook could result in reduced demand for OakNorth's products, resulting in a material adverse impact on OakNorth's business growth, and also lead to OakNorth's existing borrowers being unable to meet their financial obligations, thereby increasing defaults and impairments in OakNorth's loan book. Increases in input costs for trading businesses, and increases in the costs of real estate developments and/or a decline in asset prices or the value of security granted by borrowers could also result in increased losses in the event of a default by a borrower. An overall deterioration or expected deterioration in the quality of OakNorth's loan book due to the above factors could result in an increase in the level of expected credit loss ("**ECL**") provisions, reducing the profitability of OakNorth.

Notwithstanding the high level of collateralisation of OakNorth's loan book (2023: 94 per cent., 2022: 94 per cent.), the low average loan to value ratios across the real estate backed book (2023: 52 per cent., 2022: 52 per cent.) and OakNorth's credit risk management, portfolio monitoring and forward-looking granular portfolio stress testing capabilities, the above factors could in general have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects. Therefore, no assurances can be given that any of the matters outlined above would not adversely affect the ability of OakNorth to satisfy its obligations under the Notes and/or the market value or liquidity of the Notes.

Interest rate risk – Volatility in interest rates could adversely impact OakNorth's net interest income, mark-to-market on its UK-gilts / Treasury bills portfolio and ECL provisions on the loan book

Fluctuations in interest rates are influenced by factors outside of OakNorth's control (such as the fiscal and monetary policies of governments and central banks, and UK, U.S. and international political and economic conditions) and can affect its results and profitability in a number of ways. Whilst interest rates in the UK have remained historically low for a number of years, between December 2021 and June 2023 the Bank of England increased the base rate 14 times, from 10 basis points in November 2021 to 525 basis points in August 2023. Similar interest rate increases were implemented in the U.S. by the Federal Reserve, with the base rate increasing from near zero during early 2020 to 525 basis points in July 2023. In August 2024, the Bank of England's base rate was reduced to 500 basis points and in September 2024 the Federal Reserve reduced the base rate in the U.S. by 50 basis points to 475 basis points, following improvement in economic indicators and the economic outlook.

Changes in interest rates, along with changes in the demand and supply of credit and funding, could affect OakNorth's net interest income and margin, which is its primary source of revenue. This may arise due to:

- gap risk, which arises from disparities in the maturity (for fixed rates) and repricing (for floating rates) of assets, liabilities, and off-balance-sheet positions. Additionally, it stems from alterations in the slope and shape of the yield curve; or

- basis risk, which arises when exposures to one interest rate are hedged using exposures to another rate that reprices under slightly different conditions. This risk arises due to discrepancies in the behaviour of different interest rates.; or
- option or prepayment risk, which arises from options where the institution or its customers have the ability to modify the level and timing of cash flows. This includes embedded options, such as customers redeeming fixed-rate products when market rates fluctuate. Optionality can be either automatic, where exercise is highly probable if it's financially advantageous, or behavioural, where the decision to exercise depends on both interest rates and client behaviour, which can change with interest rate shifts.

OakNorth has in place an interest rate risk management policy which defines, measures, sets hedging policy statements, and details the governance process around management and reporting of interest rate risk in the banking book. OakNorth's interest rate strategy is to optimise earnings stability. This is achieved with day to day management of assets and liabilities, for example the deposit product mix origination and pricing, according to the prevailing commercial environment, and hedging interest rate risk positions using natural hedges or interest rate swaps for residual positions. OakNorth's Asset and Liability Committee ("ALCO") is responsible for monitoring the risk appetites and monitoring metrics on interest rate risk, including: Economic Value of Equity ("EVE") sensitivity to 200bps shift in the yield curve, application of the prescribed European Banking Authority ("EBA") shock scenarios, and Earnings at Risk ("EaR") assessment.

There is no guarantee that OakNorth's interest rate risk strategies applied to date will continue to be successful in the future. In a volatile interest rate environment, any future hedging strategy applied by OakNorth may not necessarily be effective and there is a possibility that OakNorth is not able to manage effectively its exposure to interest rate volatility, which in turn could adversely affect its business and financial condition.

Increasing interest rates could also adversely impact the mark-to-market evaluation of long duration investments. OakNorth currently holds only a limited short duration UK gilts / Treasury Bills portfolio, thereby limiting any mark-to-market impact. These are held primarily as collateral against its drawings under the Bank of England's term funding scheme for small and medium-sized enterprises ("TFSME").

Changes to interest rates can also impact OakNorth's loan impairment provision levels. In an increasing interest rate environment without a corresponding improvement in earnings, borrowers may not be able to service a loan, resulting in increased defaults in the loan book and therefore an increase in ECL provisions resulting in lower profitability, and the yield on assets can increase, reducing the prices realised for property assets which a borrower is marketing to repay a loan, which could result in increased loan provisions.

All the above factors could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Borrower and counterparty risk and collateral risk – OakNorth is exposed to risks concerning borrower and counterparty credit quality, as well as value, quality and enforceability of collateral

OakNorth is exposed to the risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed contractual terms. This is a material risk for OakNorth as its income stream is currently derived primarily from providing senior debt finance lending. This risk could increase in a worsening economic environment. In addition to exposure to a worsening economic environment, borrowers could also be impacted by unforeseen adverse regulatory changes that apply to their industry and/or products generally.

OakNorth has a Credit Risk Management Framework ("CRMF") that operates as a sub-set within the overall risk management framework (the "Risk Management Framework"). The CRMF operates within the Board and Board Credit Committee mandate and provides an over-arching framework for management of credit risk. This includes establishing and monitoring credit policies and procedures, credit and concentration risk appetite limits and key risk indicators, credit risk decisioning process including delegated authorities, portfolio performance and management, risk rating frameworks, risk-weighted assets approach, portfolio provisioning

and stress-testing framework, and climate risk assessment and management within the loan book. OakNorth also has policies and governances in relation to provisioning for ECLs and credit quality assessment. OakNorth conducts proactive stress testing on a dynamic basis across the new loans that it underwrites as well as its existing portfolio. It utilises the ON Credit Intelligence Suite, which is the OakNorth group's proprietary machine learning technology product that provides a granular forward-looking view of a borrower's financial position, and granular sector and subsector analysis and insights, incorporating projected developments in market trends, the economic and sector/subsector specific environment and/or certain regulations. The ON Credit Intelligence Suite also provides an assessment of portfolio-wide stress, providing early warning indicators for at-risk loans. These insights enable OakNorth to make decisions about how it lends to borrowers, manages risk in its portfolio, and enables decision making around credit policy and origination strategy. The loan book stress-testing process is also used to quantify potential losses and levels of ECL provisions on the loan book in different scenarios.

Notwithstanding the above controls, OakNorth may still fail to adequately identify the relevant factors that may materially impact a borrower and have an adverse impact on counterparty credit quality (which may be influenced by factors such as borrower-specific circumstances, macro-economic disruption, unexpected events such as COVID-19 or other pandemics, political instability or other external factors), or fail to accurately estimate the impact and/or magnitude of identified factors. A deterioration in borrower and counterparty credit quality can result in an increase in defaults, ECLs and loss provisions. There may also be other factors that may cause material inaccuracies in any estimate of risk grading of a borrower and/or estimates of ECL provisions.

OakNorth, as part of its product offering and lending policies, also obtains eligible collateral for loans. Any adverse market or economic conditions or collateral-specific issues, may result in significant deterioration in the realisable value of collateral, which could result in increased ECL provisions. There may also be other factors that could result in the inability of OakNorth to exercise its right to realise collateral in the event of the default of the borrower. Since 2023, OakNorth has also been lending in the U.S. Enforcement against defaulting borrowers could also be impacted due to material differences or restrictions in legal and regulatory frameworks applicable in overseas jurisdictions such as the U.S. which is a relatively new market for OakNorth's lending operations.

All the above factors could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

OakNorth could also be impacted by counterparty credit risk associated with the actual or perceived soundness of other financial services companies or financial institutions. There is a high level of interdependence between financial institutions as a result of their clearing and other payment-related relationships. OakNorth routinely executes transactions with counterparties in the financial services industry, resulting in daily settlement accounts and credit exposure. As a result, OakNorth is, and will continue to be, subject to the risk of deterioration of the commercial and financial soundness, or perceived soundness, of other financial services institutions. Concerns about, or a default by, one institution could lead to one or more temporary liquidity problems in the economy which may manifest themselves by increases in the cost of liquidity (see "*Macroeconomic and geopolitical risk – OakNorth's business and financial performance is influenced by macro-economic factors impacting the UK and the U.S. economies, volatility in the geopolitical landscape, and global economic and financial markets generally*" above). This "systemic risk" could have an adverse effect on OakNorth's ability to raise new funding and could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Concentration risk – OakNorth is exposed to geographic, sectoral and single name concentration risk in its loan book

OakNorth primarily lends to customers operating in the UK and the U.S. Whilst OakNorth's UK borrowers are geographically diversified across the UK, some concentration remains in Greater London and South East England.

OakNorth is also subject to single name concentration risk, where the simultaneous failure of some of its large exposures may result in a material proportion of its loan book being subject to default representing a material proportion of capital.

There are material sector concentrations in OakNorth's lending in property that include residential and commercial property investment and development, and in hotels. Therefore, a deterioration in economic and/or market conditions and property prices in the UK and/or the U.S. and/or a deterioration in hotel market performance in the UK may lead to increased loan impairment provisions, which could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

OakNorth's approach to concentration risk is detailed in its CRMF and in the risk appetite limits set for sectors and large exposures. Whilst OakNorth closely monitors its portfolio for potential credit concentration risk, with such risk being managed through the risk appetite framework, which stipulates various limits to manage concentration of exposures, there is no guarantee that this risk appetite framework will be successful in mitigating the potential credit concentration risk entirely.

Funding and liquidity risk – OakNorth's business is subject to inherent liquidity risks, particularly if the availability of primary sources of funding, including retail and small and medium-sized enterprises ("SMEs") deposits, and current funding for USD using currency swaps becomes limited and/or more expensive

Liquidity risk is the risk that OakNorth will be unable to meet its contractual financial obligations as they fall due and funding risk is the risk that OakNorth will be unable to fund future lending growth opportunities or will be able to do so only at significantly higher funding costs. OakNorth's primary source of funding is retail deposits. The main liquidity risk faced by OakNorth is that of a retail deposit funding stress, such that retail deposits may be withdrawn by customers at their earliest contractual maturity (which, as at the date of this Information Memorandum, ranges from next day to 5 years). OakNorth does not currently have direct USD funding sources, such as USD deposits in the U.S. and therefore, currently uses cross currency interest rate swaps ("CCIRS") to fund the U.S. loan book from UK sterling deposits. Use of CCIRS as a single source of funding and the limited number of OakNorth derivative counterparties introduces additional potential concentration risk. Whilst OakNorth continues to explore alternative USD funding sources, there are no other sources in place as at the date of this Information Memorandum and OakNorth does not have the necessary authorisations to act as a U.S. deposit-taker.

OakNorth's lending book is as at the date of this Information Memorandum primarily funded by notice accounts, term deposits, Tier 2 subordinated debt and equity. OakNorth holds a considerable amount of high-quality liquid assets in respect of deposits that are subject to immediate withdrawal.

The availability of UK retail deposits to OakNorth at appropriate economic terms may be impacted by increased competition, OakNorth's reputation or other market and economic factors that are outside of OakNorth's control. These may include, but are not limited to: (i) general economic or market conditions, including volatility in the market and interest rates, (ii) changes to regulatory requirements, (iii) liquidity constraints, (iv) adverse changes to the deposit protection scheme in the UK ("Financial Services Compensation Scheme" or "FSCS"), (v) loss of confidence in the UK banking system or in a specific sub-segment of banks due to contagion risks (such as the failure of Silicon Valley Bank in the U.S. and the impact on its operations in the UK), (vi) adverse economic conditions resulting in the cost of living crisis which affects depositors' ability to save, (vii) increased competition for funding in the retail savings market from other financial institutions (such as due to the TFSME coming to an end in 2025) and/or (viii) lack of access to online editorial best-buy tables in the UK (such as 'Money Saving Expert' and/or deposit partnerships). OakNorth also raises deposits by using deposit partnerships with other market participants in the UK. Any unprecedented action by these partners or the failure of such partners may result in a large, unexpected outflow of deposits and may adversely impact OakNorth's ability to raise deposits.

As at 31 December 2023, OakNorth had £161.7 million (notional value) of CCIRS outstanding. Using CCIRS as single source of USD funding creates funding concentration risk. This can materialise from any issues arising in access to currency swap markets in general or due to the limited number of derivative counterparts that OakNorth has a relationship with. Access to swap markets via investment banks is subject to these banks' credit assessment of OakNorth as well as their respective capital and liquidity capacity. Should OakNorth's financial performance be adversely impacted, banks could potentially decide to reduce, freeze or stop increasing their exposure to OakNorth, creating USD funding risk for OakNorth.

As at 31 December 2023, OakNorth had subordinated Tier 2 debt of £30 million outstanding. OakNorth also had £200 million of borrowing under the TFSME outstanding as at 31 December 2023. The TFSME expires in 2025 and to replace this source of funding, OakNorth will require access to other sources of funding after that date.

OakNorth's approach to managing liquidity is intended to ensure that it holds sufficient high quality liquid assets and liquidity buffers to meet its financial and regulatory commitments over an extended period in line with the Board's risk appetite and the PRA (as defined below) requirements, both of which are detailed in the internal liquidity adequacy assessment process ("ILAAP") document. A number of key liquidity risk metrics are monitored by OakNorth on a daily basis, with risk appetite limits set for each of these metrics under "business as usual", early warning indicators, and internal limits. Stress testing is an integral part of OakNorth's Risk Management Framework relating to overall governance and liquidity. As part of the ILAAP, the liquidity stress-testing process evaluates the levels of outflows and the adequacy of liquidity resources available under "severe but plausible" potential stress scenarios, which are based on the key risks in the business (idiosyncratic risks) and the macro environment. The stress-testing process helps ensure that OakNorth has sufficient liquidity under severe but plausible stress conditions and confirms the adequacy of the liquidity risk appetite limits. OakNorth's ALCO and Board are robustly involved in the challenge and approval of the ILAAP and in particular the basis of stress testing and setting of high quality liquid assets minimum requirements.

In spite of the above, OakNorth's governance framework and controls that it has to monitor its risks in this context, it may still be possible that OakNorth is not able to raise the funding required on a timely basis and/or on appropriate commercial terms.

In the event of restricted access to UK retail deposits, OakNorth may raise wholesale funding, including by launching a securitisation platform. The ability of OakNorth to access wholesale funding will depend upon market conditions, the strength of OakNorth's credit and its operational capabilities at such time. Any issues with access to wholesale funding may constrain OakNorth's ability to raise wholesale funding on a timely basis and/or at appropriate commercial terms. OakNorth has access to the Bank of England's Sterling Monetary Framework but there is no assurance that this will always be available to OakNorth. OakNorth can also borrow under Bank of England funding schemes which require the placement of eligible collateral, although access to such collateral may not always be easily available.

There can be no assurance that the sources of funding and liquidity described above will be adequate at all times, and any failure to maintain sufficient liquidity and funding could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Foreign Exchange ("FX") risk– OakNorth is exposed to FX risk in relation to non-GBP transactions, primarily comprising of its lending in the U.S. market and the services payments to its outsourcing entities in India

FX risk is the risk of financial impact due to exchange rate fluctuations. The functional currency of OakNorth in the UK is pounds sterling and the majority of assets, liabilities and share capital are denominated in pounds sterling. Financial assets and liabilities in foreign currencies are revalued on a monthly basis for accounting purposes, generating impact in the statement of profit and loss, unless hedged.

OakNorth is exposed to direct, and indirect FX risk due to: lending in USD unless matched by equivalent liabilities; capital ratios volatility due to FX movements on the USD exposures; any default of a USD loan by a borrower, (where OakNorth has funded the lending through CCIRS and is still required to service its commitments to the swap counterparty); and in relation to services provided by the outsourcing entities in India which are locally incurred in Indian Rupees and billed to OakNorth in pounds sterling.

OakNorth has in place a market risk management policy which includes FX risk management. The policy details the governance process around management and reporting of FX risks. OakNorth's ALCO is responsible for monitoring the risk appetites and monitoring metrics on these risks.

OakNorth regularly uses derivatives such as cross currency swaps, or forwards to minimise and hedge FX risk. However, it cannot be ensured that all FX risks can be mitigated entirely through application of these strategies and/or these will continue to be successful in the future. In a volatile FX environment, any future hedging strategy applied by OakNorth may not necessarily be effective and there is a possibility that OakNorth is not able to manage effectively its exposure to FX volatility, which in turn could adversely affect its business and financial condition.

Competition risk – The competitive environment in which OakNorth operates may negatively affect OakNorth's ability to continue to originate business in line with its target volumes, rates and profitability levels

The market for financial services in the UK and the U.S. is highly competitive and OakNorth expects such competition to intensify in response to customer demand, technological changes, the impact of new market entrants, market consolidation, regulatory intervention and other factors. OakNorth faces competition from other banks, which include both incumbent and challenger banks, specialist finance providers as well as non-bank fintechs, many of which have greater scale and financial resources, stronger brand recognition and broader product offerings.

OakNorth currently has strong margins (being the spread over the reference market rate/base rates) in its lending business. It is possible that the high interest rate environment will persist for an extended period of time and, as a consequence, OakNorth may need to reduce its lending margins in order to continue growing its lending business. Increased competition could also force OakNorth to reduce its lending margins, leading to an adverse impact on OakNorth's profitability.

A core element of OakNorth's business strategy is to continue sourcing loan originations in line with targeted volumes and rates by addressing the requirements of the market segment it defines as the "Missing Middle" – established SMEs that are key contributors of economic and employment growth but whose needs are routinely overlooked or underserved. OakNorth utilises the proprietary machine learning technology product, the ON Credit Intelligence Suite which is owned by OakNorth's sister company OakNorth (UK) Limited, and licensed to OakNorth for use, and which enables OakNorth to develop bespoke lending structures and provides early warning indicators for at-risk loans, which is used for in-life risk management of the loan book.

If other competitors targeting the same market segment as OakNorth are able to develop similar or alternative technologies to those deployed by OakNorth, it may lose its differentiating position and be unable to originate loans in line with projected volumes and rates. Competitors may also engage in enhanced marketing activities which may result in OakNorth's borrowers refinancing their loans with such competitors, develop strategic initiatives and dedicate more resources to addressing this market more efficiently and/or attempt to aggressively build market share by relaxing lending criteria or target returns on capital and providing similar loan facilities at lower margins.

OakNorth operates in a space where customer preferences, product offering and financial technology have been rapidly evolving. OakNorth operates with a tech-first mindset and is expected to continue making significant investments in technology to build a comprehensive ecosystem of value-added software with embedded

financial solutions, digitising the customer journey and at the same time building an agile and resilient infrastructure using cognitive technologies. However, OakNorth may still be subject to the risk that it is unable to continue to make investments in technology or respond to changes in the financial technology landscape with the agility required, thereby impacting its competitive position in the industry and its ability to grow its business in its target segments, due to factors that may be within or beyond its control.

OakNorth's primary source of funding is online retail deposits in the UK. This market is large and OakNorth has been able to attract deposits by offering a range of products at competitive rates. It has also established the capability to raise deposits both directly and via deposit partners. However, there is a risk that OakNorth is unable to raise the required level of funding at appropriate pricing due to high competition in the market. There is also a risk that due to operational or reputational issues, OakNorth is unable to raise an appropriate volume of deposits to support the growth of the business.

All the above factors could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Third-party service provider risk – OakNorth is exposed to risks related to the operation and conduct of its third-party service providers

OakNorth relies on third-party service providers for a number of functions, which include, but are not limited to, a large proportion of its information technology ("IT") software and platforms, including its core banking platforms and its cloud-based hosting platforms.

OakNorth also relies on other financial institutions to provide important payment clearing services. Any failure to perform by these third-party service providers or disruptions or restrictions to access to their services could result in material disruption to OakNorth's operations, impact OakNorth's services to its customers, result in non-compliance with regulatory, data security or other requirements and could result in adverse reputational impact on OakNorth.

OakNorth is also supported by an affiliate incorporated in India, which provides outsourced services to most of OakNorth's operations, including but not limited to, credit analysis and portfolio management, lending and deposit operations, IT services, accounting, legal and other administrative services. The operations in India could be affected by a number of economic, political, legal, regulatory, tax and other factors which may be beyond OakNorth's control.

OakNorth is required to comply with various regulatory rules relating to outsourcing and third-party risk management. OakNorth has a governance framework and risk management procedures in place that are detailed under its outsourcing and supplier management policies to manage these risks. However, there can be no assurance that these risks can be eliminated in their entirety, and the factors detailed above could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Compliance risk – Failure to comply fully with regulation and regulators' expectations could lead to material fines, costs, and damage to business value

Issues associated with compliance failures have been a significant source of cost and reputational damage to the financial services industry in recent years, and the importance of compliance in meeting regulatory expectations is high. In addition to direct fines from regulatory actions and costs of remediation, the industry has accrued considerable reputational damage. In August 2024, OakNorth received approval from the Federal Reserve and the New York State Department of Financial Services (NYDFS) to establish a Representative Office in New York (the "**New York Representative Office**"). Such approval is conditional on compliance by OakNorth with the conditions imposed in the approval received and the commitments made by OakNorth to the relevant regulatory bodies in the U.S.

Any failure in compliance in any of the jurisdictions OakNorth operates in, could result in regulatory fines, costs for remediation, reputational damage, restrictions to operations and, in more severe cases, potential

termination of authorisations and approvals (in particular with respect to those received by OakNorth in order to operate in overseas jurisdictions), all of which could have a material adverse effect on OakNorth's business, financial condition and/or prospects.

OakNorth manages compliance risk through a 'three lines of defence' framework (see risk factor titled "*Risk Management Framework risk – OakNorth's risk management systems, processes, guidelines and policies may prove inadequate or ineffective for the risks faced by its business*") whereby compliance with regulation is built into the design and maintenance of all its products and processes. Compliance requirements are detailed across OakNorth's suite of policies and standard operating processes, providing guidance and controls on issues applicable to a UK regulated bank. All employees receive periodic training on key regulatory requirements and their roles and responsibilities. Business owners develop their business models and product offerings to include full compliance considerations. A 'second line' compliance team provides advice and runs an on-going compliance monitoring programme, and a 'third line' internal audit team provides another level of periodic review.

However, compliance requirements for a regulated bank are extensive and complex, and there can be no assurance that these risks can be eliminated in their entirety, and the factors detailed above could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

As at the date of this Information Memorandum, OakNorth offers a limited range of unregulated lending products and non-complex deposit products, but may offer products in the future which carry more complex and higher compliance risk.

Reputational risk – Damage to OakNorth's reputation due to conduct or other factors could cause harm to its prospects

OakNorth's business prospects could be adversely affected to the extent it fails to address, or appears to fail to address, various issues that could give rise to reputational risk. Reputational issues could result from a number of factors, including, but not limited to:

- low standards of customer service and/or adopting product features or processes that may result in poor customer outcomes;
- breaching or facing allegations of having breached legal or regulatory requirements;
- acting, or facing allegations of having acted, unethically (including having adopted inappropriate sales practices);
- failing to appropriately address potential, or actual, conflicts of interest;
- data security breaches;
- technology failures that impact customers and/or failures of third parties that are critical to provide services to customers;
- generally poor company performance;
- risk of association in respect of issues being faced by competitors or the banking industry generally, which may or may not be directly applicable to OakNorth; and
- failing to meet, or facing allegations of failing to meet, expectations in relation to environmental, social and governance ("ESG") matters, including those related to human rights and modern slavery.

OakNorth expects over time to grow its product suite. Some such products can be complex and rely on a variety of technological and other inputs, any of which, if not functioning correctly, could lead to a breakdown of a product. It may be that one or more unsuccessful product launches has an adverse effect on OakNorth's reputation and/or on market confidence in OakNorth.

In the age of online social media, adverse publicity can spread swiftly. It may be that if adverse publicity takes hold, OakNorth is unable to address developments on online social media, whether accurate or not, and such developments may have a disproportionate effect on its reputation.

OakNorth manages these risks through its Risk Management Framework that it complies with throughout its operations. However, it may not be possible for OakNorth to mitigate all such risks in their entirety. OakNorth currently depends on a single brand and any reputational damage to that brand could adversely affect its ability to execute its strategy and grow. A failure to address these or any other relevant issues appropriately could make key market counterparties and stakeholders, including customers, material suppliers and investors, unwilling to do business with OakNorth, resulting in a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects, and could damage its relationships with its employees, customers and regulators.

Conduct risk – OakNorth is exposed to conduct risk through its operations that can result in poor or unfair outcomes for OakNorth's customers and/or other stakeholders

Conduct risk can arise due to multiple factors, that may include, but are not limited to, failing to understand and/or comply with applicable laws and regulatory expectations and requirements (including, but not limited to, regulations related to data protection, anti-money laundering, sanctions, anti-terrorism financing and anti-bribery), inappropriate culture and incentives, lack of effective governance and controls, inadequate staff training and competence, conflicts of interest, inadequate product design and/or distribution without due regard for customers' needs, inadequate or misleading information being provided to customers, ineffective complaints handling or a failure to meet the needs of customers in financial difficulty. Conduct risk and culture are in particular focus for regulators in the banking and financial services industry. As such, the above factors may be supplemented or heightened by the introduction of new rules which apply to certain financial service providers, such as the Consumer Duty, which requires firms to act to deliver on good outcomes for retail customers.

Issues associated with poor conduct have been a significant source of cost and reputational damage to the financial services industry in recent years and have attracted increased scrutiny from regulators. In addition to direct fines from regulatory actions and costs of remediation, the industry has accrued considerable reputational damage. Any failure in the procedures or conduct of OakNorth towards its customers could result in significant costs of redress and for remediation and/or damage to its reputation, any of which could have a material adverse effect on OakNorth's business, results of operations, financial condition and/or prospects.

OakNorth manages conduct risk through embedding conduct principles into its business strategy and product design and setting the "tone from the top" through articulating its values that put the customer at the heart of its business model, focusing on delivering good customer outcomes, and undertaking regular monitoring of the customer outcomes and undertaking a regular self-assessment against the FCA's principles for business. For example, OakNorth's Code of Conduct supports its zero-tolerance policy to modern slavery and financial crime. However, it cannot be guaranteed that OakNorth can and will continue to be able to mitigate all such risks in their entirety. Failure to manage conduct risk effectively could lead to legal or regulatory sanctions, fines, damage to OakNorth's reputation and have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Model risk – OakNorth is subject to the risk that the credit models and analytical tools it uses for the purposes of credit risk management, ECL provisioning or financial planning are inaccurate or ineffective

OakNorth uses a small number of financial models, machine learning software and analytical tools throughout its business operations, principally (but not exclusively) for the purposes of credit risk assessment and management, financial planning, stress testing and climate risk assessment.

OakNorth uses its proprietary data-driven software – the ON Credit Intelligence Suite – to provide a granular forward-looking view of a borrower's financial position, to support its credit decisioning and monitoring

process, in conjunction with third-party supplied credit models which produce ‘probability of default and loss given default’ outputs. The ON Credit Intelligence Suite software is also used to run portfolio-wide stress testing, to provide early warning indicators for at-risk loans and also to identify climate risks in the loan portfolio. A combination of third-party models and internal models is also used to assess borrower risk ratings and ECL provisions on the loan book.

There is a risk that the models used are ineffective or rendered ineffective due to unforeseen changes, or inaccurate due to design issues, incorrect assumptions or lack of updates or maintenance, and/or appropriate control has not been applied in the development and/or implementation of the models.

Model risk management is a current area of management and regulatory focus as these are used to inform key business decisions. Whilst OakNorth has a model risk policy in place, it is in the process of being implemented and it governs the current suite of credit and financial models. However, there can be no assurance that model risk can be eliminated in its entirety. The factors detailed above could result in inadequate assessment of borrower risks, misstatement of ECL provisions, or lead to the inappropriate application of outcomes to inform business decisions, which could have a material adverse impact on OakNorth’s business, results of operations, financial condition and/or prospects.

IT risk – OakNorth’s operations support complex transactions and are highly dependent on the proper functioning of IT and communications systems, including those provided by third parties

OakNorth is as a general matter highly dependent on IT infrastructure and platforms and a number of different types of technology and software, including technologies provided by third parties and OakNorth’s affiliates, for its “business as usual” operations, including to execute its internal operations, provide products and services to its customers and execute customer transactions. IT systems and technologies are also highly critical to the execution of OakNorth’s strategy and growth plans. OakNorth relies on third-party cloud services to host all of its core banking and some other critical systems and to deliver services to its customers. OakNorth also relies on the infrastructure of other financial institutions that provide payment and clearing services.

OakNorth also continuously implements technology upgrades and rolls out technology change programmes. It is possible that these may lead to risk if items which are important for the design stage of any such change management programme are missed or inappropriate for such programme, or new products or services are launched but do not perform as expected and cause disruption to products and services. Any significant disruption or failure of IT infrastructure could result in an extended loss of service, breach of regulations and poor customer experience, and result in fines and liabilities and impact OakNorth’s reputation, thereby affecting its existing market position and growth plans.

Notwithstanding the controls, back-ups and recovery plans, material issues and disruption to OakNorth’s services may still occur due to factors and events beyond its control and any recovery or remediation may result in significant costs to OakNorth. Therefore, any actual or perceived inadequacies, vulnerabilities or failures of OakNorth’s IT systems or processes could have a material adverse impact on OakNorth’s business, results of operations, financial condition and/or prospects.

Cybersecurity risk – OakNorth may be subject to privacy or data protection failures, cyber theft or other forms of fraudulent activity, and confidential information may be wrongfully appropriated, lost or improperly disclosed, stolen or processed in breach of data protection and privacy laws and regulations. OakNorth’s own systems and operations may be significantly impacted due to external threats or internal control failures

As a digital bank, OakNorth is subject to a high risk of cyber-attack on its systems by sophisticated cybercrime groups. OakNorth processes large amounts of personal customer data as part of its business operations. A successful attack on its systems could result in the theft and/or loss of confidential data of OakNorth’s customers, which may be then used for fraud, leading to a breach of data protection regulations, loss of OakNorth’s intellectual property and/or extended disruption of its operations. OakNorth also uses third-party service

providers, and any cyberattack on such service providers could also have a potential impact on OakNorth's data and operations.

Cyber security and cyber resilience are key areas of regulatory focus. OakNorth has a comprehensive cyber risk management programme, designed to proactively identify, control, and measure the potential consequences of a cyber attack. OakNorth deploys a "defence in depth" strategy, featuring multiple layers of defence, including firewalls, virtual private networks, encryption, and monitoring and cyber defence tools, and engages in regular independent penetration testing to confirm the efficacy of its defence approach. OakNorth also undertakes a security review as part of its supplier due diligence process to ensure they operate to appropriate standards of cybersecurity requirements.

Improving cyber resilience requires ongoing monitoring of emerging threats. Whilst OakNorth continues to invest in its cybersecurity development programme to manage the known and emerging threats, it cannot be guaranteed that the infrastructure and controls will be effective in all circumstances. Failures of controls could create significant legal and financial exposure, result in customer detriment, regulatory fines and penalties, and damage to OakNorth's brand, leading to a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Fraud risk – OakNorth is subject to risks relating to fraudulent activity originating from both internal and external sources and inaccurate or misleading information provided by customers

As a digital bank, there is an increasing inherent risk that OakNorth is exposed to both internal and external fraud. Internal fraud can occur due to the involvement of staff of OakNorth and external fraud can occur when fraud is committed by an external party, including customers, counterparties or third-party service providers. Customers may provide OakNorth with falsified or fictitious information in order to secure financing which they ultimately default on; fraudsters may use false or stolen identities to execute fraudulent transactions. Staff may attempt to defraud OakNorth by overriding governance and controls in transactions. There may also be theft of physical assets of OakNorth due to a lack of appropriate security or failure thereof.

OakNorth has a Risk Management Framework that is designed to mitigate these risks through the operating lifecycle of its products and its internal operations. However, the designed controls may not always be effective in all cases and OakNorth may suffer material losses and/or fail to meet its regulatory obligations, and as a consequence suffer reputational damage, resulting in a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

People risk – OakNorth could fail to attract or retain senior management or other key employees and/or fail to source the right talent at the appropriate cost to support its ongoing business operations and growth plans

The successful growth and management of operations of OakNorth depends on the continued service and performance of its senior management and key employees and on its ability to attract, retain and develop high-calibre talent.

OakNorth is a founder-led business and is vulnerable to key person risk. It is also exposed to the risk that its management capabilities and resources are over-stretched as it continues to expand. OakNorth may not succeed in attracting and retaining key personnel if they do not identify or engage with OakNorth's brand and values. In spite of OakNorth's hybrid working policies, employees may not be willing to locate or relocate to locations where OakNorth has a base. OakNorth may face resourcing challenges due to other competitors having or setting up operations in the same locations where OakNorth has offices. The current market conditions are highly competitive, in particular for technology resources, which are critical to support OakNorth's product development and growth ambitions, and OakNorth may not be able to source these resources at the scale required and/or at appropriate cost. OakNorth may not have sufficient scale to offer compensation or opportunities to its employees within the organisation comparable to its larger competitors, particularly at more senior levels. OakNorth also relies on its affiliate based in India, which provides outsourced services to most of

OakNorth's operations. The labour market in India, whilst vast, is also highly competitive for the specialised resources that are required to support OakNorth's operations.

OakNorth manages its people risk through several initiatives that include, but are not limited to, offering hybrid working policies, benchmarking and adapting remuneration packages, strengthening internal career development frameworks, succession planning, cross training and focusing on employer branding and its value proposition. The aforementioned initiatives may not, however, sufficiently mitigate or continue to mitigate all the above risks. OakNorth may also face challenges due to external factors such as macro-economic conditions, the developing and increasingly rigorous regulatory environment and/or negative media attention on the financial services industry, which could have an adverse impact on hiring, talent retention, sentiment and employee engagement. All these factors could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Operational resilience risk – OakNorth is exposed to risks associated with operational resilience that can impact its ability to deliver critical business services

As a fast-growing digital bank, OakNorth is exposed to the risk that its operational and IT processes and controls are not adequately designed or operating effectively to provide adequate operational resilience, or that the expansion of resources in terms of systems and personnel does not keep pace with the rate of growth and change. These risks could arise due to multiple factors, including but not limited to, the rate of growth and change, the existence of manual processes that lead to human errors, ineffective change management (resulting in data loss, material service disruptions, breakdown of internal controls leading to fraud and/or other operational or regulatory non-compliance issues), non-performance or failure of material outsourced service providers (including providers of cloud services) and/or technology platforms, cyber threats that can interrupt banking services and compromise sensitive data, ineffective data management processes that result in loss of critical or sensitive data, inability to comply with regulatory guidelines or inability to identify or implement changes to regulations resulting in regulatory breaches and ineffective management of people risk.

Operational resilience and setting of Impact Tolerances for Important Business Services is an area of regulatory focus. OakNorth has a number of governance frameworks, policies and procedures in place to mitigate and address risks, including business continuity and crisis management, change management, operational resilience, data protection and data loss prevention, outsourcing and supplier management. OakNorth has set and monitors Impact Tolerances and conducts business impact analyses to determine and evaluate the potential effects of the interruption of critical business operations and undertakes a programme of tests of business continuity arrangements. From 31 March 2025, OakNorth is obliged by UK regulation to ensure it can consistently remain within its impact tolerance for each important business service in the event of a severe but plausible disruption to its operations. However, it cannot be guaranteed that the controls will operate or continue to operate effectively in all scenarios. Failure of important business services could result in detriment to customers, adversely OakNorth's reputation and create legal, regulatory or compliance exposures, that could have a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Taxation risk – OakNorth is exposed to the risk of changes in tax legislation in the UK and the U.S., the interpretation of regulations, failure to correctly apply tax rules and to increases in the rate of corporate, banking sector specific levies or surcharges and other taxes

OakNorth's business activities are conducted in the UK and the U.S. and are subject to a range of taxes at various rates. This includes (but is not limited to) industry-specific levies and surcharges that currently apply in the UK. OakNorth is therefore subject to an additional corporation tax "banking surcharge" which was introduced by the UK government in the Finance Act 2015, with changes to the surcharge introduced in the Finance Act 2022, and applies to all banks in the UK.

Tax rules can be complex and their adoption and implementation can be subject to interpretation. Any adverse changes to tax legislation, the level of taxes and industry/sector-specific tax legislations and/or changes to the

interpretation of existing legislation by tax authorities or by courts (including in relation to recognition of deferred tax assets or group tax reliefs), could negatively impact OakNorth's tax costs, its product offering or its customers, and could result in a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects. Due to OakNorth's operations in other jurisdictions (such as the U.S.), it is subject to tax risk and compliance requirements in those jurisdictions and the interaction of tax laws between those jurisdictions and the UK.

OakNorth usually takes a position based on customary industry practice, independent tax advice and tax authority guidance, though it is possible that the tax authorities will not agree or continue to agree with such advice or interpretation. In addition, OakNorth may be subject to periodic tax audits, which could result in additional tax assessments relating to previous tax years. Any disagreements with tax authorities or assessments with respect to previous tax years could be material and could have a material adverse effect on OakNorth's business, results of operations, financial condition and/or prospects.

Accounting and reporting risk – Adoption of a different basis of accounting or new accounting standards may result in changes in the reported financial position and results of operations of OakNorth for future and prior periods. Changes in relation to climate risk and sustainability reporting standards could also impact how OakNorth reports its financial and non-financial condition and results of operations

OakNorth prepares its financial statements in accordance with IFRS. OakNorth also applies a number of judgements, estimates and assumptions which are detailed in its audited Annual Financial Statements. The UK's Financial Reporting Council ("FRC") and the International Accounting Standards Board may periodically issue amendments/changes to the accounting policies and guidelines which, when adopted, could impact OakNorth's reporting of its business operations and financial condition and may result in the restatement of its prior period results. Any material changes or errors in the assumptions or estimates could also result in adjustments to the financial statements and/or restatement of the prior period results. Any such changes could result in a material adverse impact on OakNorth's reputation, business, results of operations, financial condition and/or prospects.

OakNorth is also required to comply with climate and sustainability disclosures, which includes the requirements of the Task Force on Climate-related Financial Disclosures ("TCFD"). In addition to this, the International Sustainability Standards Board, established by the IFRS Foundation, is developing a global framework for sustainability and climate-related financial disclosures. OakNorth may also need to comply with this reporting framework if it is mandated to by the FRC. Sustainability disclosures have become increasingly important with increasing focus of stakeholders on ESG matters. Firms can be held liable for any misrepresentations, misstatements or omissions in ESG disclosures. Any ESG disclosures made by OakNorth could be subject to this risk and challenge, which could result in reputational issues and a material adverse impact on OakNorth's business, results of operations, financial condition and/or prospects.

Risk Management Framework risk – OakNorth's risk management systems, processes, guidelines and policies may prove inadequate or ineffective for the risks faced by its business

OakNorth is exposed to a wide range of risks through its banking operations, including: credit, cybersecurity, operational, liquidity, capital, interest rate, people, climate, regulatory, financial crime and compliance risks. Managing risks across the operations of OakNorth requires an effective risk management framework that ensures that key risks are identified, measured, monitored and managed, and that appropriate policies, procedures and controls are established such that each risk is mitigated to an acceptable degree.

In line with standard industry practice, OakNorth uses a Three Lines of Defence ("3LOD") operating model which sets out roles and responsibilities for risk management. The 3LOD principles are built into all role profiles. The framework is reviewed on a continuous basis by OakNorth's executive risk committee ("ERC") and its Board Risk & Compliance Committee ("BRCC") to ensure that it develops and evolves in step with the development of the business. The first line of defence is business line management, including the Debt Finance

and Deposits teams and all operational units that generate risk, including Operations, Technology, and Finance. Each business line management is responsible for identifying and managing all the risks inherent in the products, activities, processes, and systems which it creates and for which it is accountable.

The second line of defence, comprising the Risk and Credit Risk functions, is responsible for overseeing, challenging and monitoring the operation of the controls and adherence to risk direction and limits, and for reporting any control breaches/failures or appetite breaches.

The third line of defence comprises of the Internal Audit function that is responsible for the audit process, development and completion of the annual Internal Audit Plan (“IAP”), and providing a periodic thematic review of areas identified in the IAP. The Independent non-executive directors also provide a check on the review conducted pursuant to the 3LOD.

Business risk is managed collectively by the Executive committee (“ExCo”) and the Board. The Chief Risk Officer reports to the ERC and BRCC in respect of oversight and challenge for the risk agenda and performance against the risk appetite statement. Capital, liquidity, and interest rate risks are managed by the CFO with oversight from ALCO and through to the ExCo and the Board. Credit risk policy, management and reporting is managed by the Head of Credit Risk under report to the Credit Risk Management Committee and the Board Credit Committee.

OakNorth’s strategy is set within a detailed Risk Appetite Statement which sets out the type and quantum of risk OakNorth is prepared to accept to achieve its strategic business objectives. The Risk Appetite is cascaded top-down, deriving logically from the high-level risk objectives to the low-level measures or limits used in day-by-day decision-making, and is defined and measurable. It is aligned to the strategic objectives of OakNorth and is dynamically revised according to the evolution of the business and the operating environment and risk outlook. It provides a framework which is used to inform operational management decisions and business planning.

OakNorth identifies and monitors risks using multiple tools such as horizon scanning, macro-economic analysis, assessment of events and issues, regulatory guidelines and standards and other sources of information known to OakNorth. OakNorth has limited operating history for the products and services it offers and therefore may not be able to assess all risks associated with those in their entirety. There have been multiple developments in the markets in recent years that have been unprecedented, and unexpected, including the COVID-19 pandemic, Brexit, the Russia-Ukraine war, the high inflationary and high interest rate environment and the cost of living crisis – all of which have cumulatively resulted in a significant level of uncertainty in OakNorth’s operating environment and market conditions. In addition to this, changes to the UK and the U.S. governments, governmental policies and political landscape more generally could also significantly impact OakNorth’s operations due to specific policies and frameworks adopted by the governments in these jurisdictions. It is therefore difficult to predict changes in the economic, political or market environment or predict the risks and impact of those changes on OakNorth’s business, operations, financial performance and growth prospects. OakNorth has defined risk appetite statements and risk limits that can only be applied on risks that have already been identified and quantified.

In spite of the above, if OakNorth’s risk management policies, procedures and controls become ineffective for any reason, or the first and/or second and/or third line of defence are unable to identify all gaps on a timely basis resulting in OakNorth being unable to prevent any serious breaches or issues occurring that may affect its customers or its business operations, these could result in fines, regulatory actions, customer redress obligations leading to a material adverse impact on OakNorth’s reputation, its business, results of operations, financial condition and/or prospects.

Climate risk – OakNorth is exposed to the risk that climate change may affect its business and operating model through financial or reputational risks generated by the transition to a low carbon

economy, or directly through assets exposed to the physical effects of climate change, or failing to seize market opportunities

OakNorth is exposed to both physical and transition risks in its loan book. Physical risks from climate change relate to specific weather events, such as storms and flooding, and longer-term shifts in the climate, such as rising sea levels. Physical risks may impact OakNorth through, for example, adverse movements in the value of certain properties that are located in areas that may be prone to floods. Transitional risks arise from the process of adjustment towards a low-carbon economy, such as tightening energy efficiency standards for buildings. Transitional risks which OakNorth is exposed to include, but are not limited to, potentially adverse movements in the value of properties requiring substantial updates to meet future energy performance requirements or potential increase in costs to the borrower on account of the increase in capital spend to upgrade to low-carbon technology equipment.

OakNorth uses its proprietary ON Climate solution, which is part of ON Credit Intelligence Suite, to conduct sector specific scenario analyses and stress testing of the possible impact of climate risk on its borrowers. Additionally, OakNorth has embedded the climate risk modelling capabilities into its origination analysis of new loans, evaluating the impact of transition risk on all new business. OakNorth does not do any direct lending to carbon-intensive sectors such as exploration, extraction or refinement of coal, oil, gas or mining sectors. OakNorth continues to focus on integrating climate considerations into its risk frameworks, governance, credit appetites, processes, and strategies. A full quantitative assessment of climate risk under a range of scenarios has been made and is included in OakNorth's internal capital adequacy assessment process ("ICAAP") document.

Climate change is a key area of focus across all stakeholder groups. The physical and transitional risks associated with climate change (including regulatory changes), as well as the reputational risks arising from a failure to meet changing demands relating to climate change from communities, investors and regulators, could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects.

Insurance Risk – OakNorth's insurance coverage may not be adequate to cover all possible losses that it could suffer, and its insurance costs may increase

OakNorth seeks to maintain comprehensive insurance coverage at commercially reasonable rates. However, OakNorth's insurance policies do not cover all types of potential losses and liabilities and are subject to limits and excesses. There can also be a risk that in, certain circumstances, OakNorth's insurance policies are voided at the option of the insurer due to the failure of OakNorth to comply with the terms. There can be no assurance that OakNorth's insurance will be sufficient to cover the full extent of all losses or liabilities and in all the jurisdictions for which it is insured and it cannot guarantee that it will be able to renew its current insurance policies on favourable terms, or at all. For example, insurance premiums for cyber security threats have increased in recent years, given increased security threats in this context, and the renewal of policies may as a result become prohibitively expensive. Any losses incurred which are not covered by OakNorth's insurance policies could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects.

Financial Services Compensation Scheme levy, Economic Crime Levy and Bank of England Levy – OakNorth is required to pay multiple levies under various regulatory schemes and is exposed to the risk of increases in the cost of these levies

The FSCS was established under the Financial Services and Markets Act 2000 and is the UK's statutory fund of last resort for customers of certain types of authorised financial services firms. The FSCS pays compensation to eligible customers when a relevant FCA- or PRA- authorised firm is unable, or likely to be unable, to pay claims against it, including when an authorised bank is unable to pay claims by its deposit customers. The FSCS is funded by levies on firms authorised by the PRA and the FCA. There is a risk that the FSCS may place

additional levies on all FSCS participants as a result of a shortfall arising out of claims, which can increase because of the failure of other financial institutions in the UK.

The Economic Crime Levy is an annual charge levied on firms that are supervised under the Money Laundering Regulations and whose UK revenue exceeds £10.2 million per annum. The Economic Crime Levy is collected by the three statutory Anti Money Laundering supervisors: HMRC, the FCA, and the Gambling Commission. The quantum of these levies is determined based on annual revenues of relevant firms. The FCA is responsible for collecting the Economic Crime Levy on behalf of the UK government for firms that are supervised and authorised by it. The purpose of the Economic Crime Levy is to pay for government initiatives outlined in the 2019 Economic Crime Plan to help tackle money laundering. There is a risk that any costs incurred in connection with payment of the Economic Crime Levy can increase because of increases in the operating costs under the anti-money laundering initiatives.

The Bank of England Levy became effective during March 2024, replacing the ‘Cash Ratio Deposit scheme’ as a means of funding the costs of the Bank of England’s monetary policy and financial stability operations. The Financial Services and Markets Act 2023 (the “FSMA 2023”) made amendments to the Bank of England Act 1998, which allows the Bank of England to charge such levy to eligible institutions. The allocation of these costs is based on the proportion of an eligible institution’s liability base greater than £600 million. There is a risk that any costs incurred in connection with payment of the Bank of England Levy may increase because of increases in the operating costs of the Bank of England’s policy operations.

The calculation of these levies is also subject to methodology changes, and the relevant authorities have the ability to impose new levies or higher levies and/or impose interim levies at any time in respect of OakNorth’s UK operations. Whilst there are currently no regulatory levies applicable to OakNorth’s U.S. operations, there continues to be a risk that there could be new levies that are subsequently imposed due to changes in regulations. Any changes to the methodology of computation of these levies, the thresholds these apply at, an increase in the quantum of costs allocable under these levies, or introduction of new levies, could result in a significant increase in the costs for OakNorth and have a material adverse impact on OakNorth’s business, results of operations, financial condition and/or prospects.

New products and strategic risk – OakNorth has committed material investments in new products and new market initiatives and is exposed to the risk that the product rollout hypothesis gets disproved, or the planned profitability is not achieved, or appropriate risk management frameworks are not implemented in relation to the products/markets

OakNorth has committed material technology investment spend and on-going operational costs to build and trial and subsequently roll out a number of new products, some of which are complex from the perspective of build, operations and regulatory compliance. There are multiple risks that the planned adoption of the product by customers is not achieved due to alternative well-established options already available in the market, both the cost and revenue estimates associated with these products turning out to be materially worse than planned or expected, the design or the implementation turns out to be ineffective or inadequate, the operation of the product is more complex than anticipated and/or appropriate systems and controls are not developed and robustly implemented in relation to the relevant products and/or markets.

OakNorth has governance frameworks and processes in place in relation to its new products and technology investment strategies. This includes processes for setting out investment plans that are, where material, approved by OakNorth’s Board, engaging or hiring product and market experts as required and implementing monitoring mechanisms, including project delivery tracking mechanisms. Progress updates are tracked via regular reporting to the ExCo and the Board. All material investments are considered in OakNorth’s budgeting, capital and liquidity assessments (ICAAP and ILAAP). OakNorth takes a cautious approach to new product launches that are material by rolling it out in controlled pilots and pilot learnings are taken into account before broader market launch.

In 2023, OakNorth commenced offering its lending products in the U.S. market as a means of driving overall growth and value. OakNorth has been taking a phased approach to lending in the U.S. which allows it to manage its risk exposure through controlled lending volumes and conservative credit assessments. In August 2024, OakNorth secured authorisation from the Federal Reserve and the New York State Department of Financial Services (NYDFS) for establishing the New York Representative Office. The New York Representative Office will act as liaison with current and prospective U.S. customers of OakNorth. The New York Representative Office can promote and market OakNorth's products and services, conduct market research, and facilitate lending to U.S. customers but is not permitted to perform any other services or activities that would otherwise require a banking licence in the U.S.

As it expands its lending in the U.S., OakNorth concurrently continues to build an understanding of the legal, tax and regulatory frameworks in this jurisdiction. It will be subject to enhanced regulatory scrutiny given the regulatory landscape that exists in the U.S. and, as such, the risk of non-compliance in a complex market may manifest itself in increased regulatory exposure.

OakNorth has developed a transaction banking platform which provides current account, business savings accounts, faster payment services and debit card services to business clients. OakNorth intends, over time, to develop the transaction banking platform to provide additional payment (including payment rails and international payments), potentially credit card and other services (including services to drive efficiencies for customers, FX and potential credit facilities).

The deployment of such services continues to materially increase risk for OakNorth, given that the new IT platform continues to undergo further development and testing an additional set of regulations, principally the PSRs (as defined below), apply to this platform, and operational and financial crime risks are inherently substantially higher for payment products.

The key risks created by such new products include, but are not limited to: (i) liquidity risk (as the transaction banking platform facilitates instant transactional payments), (ii) fraud and financial crime risk (linked, for example, to authorised push payment fraud, card fraud, ID takeover fraud, sanctions screening requirements and the risk of transaction screening systems not operating effectively), (iii) conduct and compliance risk (linked to required compliance with the relevant regulations and reporting requirements, including Consumer Duty and the PSRs) and (iv) reputational risk (which may arise in case the new products need to be withdrawn from the market for any reason, if the product does not meet customer expectations or if OakNorth receives any fines in connection with the new products).

Launching new products, entering new markets or implementing any other strategic changes to the business model requires complex judgements, including anticipating customer needs, anticipating and assessing competitor activity and the likely direction of a number of macro-economic assumptions regarding the economy and the banking sector generally. OakNorth's ability to successfully roll out its new products/services or implement its strategy is also subject to execution risks, management of the associated costs of launch and maintenance, and limitations in management and operational capacity. These execution risks may be exacerbated by a number of external factors, including, amongst others, a downturn in the domestic or global economy, increased competition in the banking sector, an inability to recruit appropriately skilled staff to scale the business, and/or significant or unexpected changes in the regulation of the financial services sector and the impact of legal/tax/regulatory risks of operating in a new jurisdiction. Failure to deal with all these risks could result in regulatory issues and have a material adverse impact on OakNorth's reputation, business, results of operations, financial condition and/or prospects.

New markets and acquisitions risk

OakNorth actively continues to consider making acquisitions, including exploring the possibility of acquiring a banking charter in the U.S. in order to be able to provide other services, including deposit-taking. Though no commitments have been made as at the date of this Information Memorandum, and such acquisitions may not

deliver the value which have been estimated, despite completing market research and/or due diligence beforehand. An acquisition, once completed, may materially alter the financial, credit and risk profile of OakNorth. An acquisition may turn out to have been mis-priced, or it may deteriorate post-acquisition, or not achieve the potential which has been seen, or have inherent failings leading to loss of value and reputational and/or regulatory issues for OakNorth.

OakNorth may not be able to (i) successfully support its growth strategy in a newly entered market; (ii) realise the expected accretive value of any acquired business or portfolio; (iii) take advantage of market opportunities; and/or (iv) dispose of or close existing businesses where these are not financially viable, for a number of reasons including:

- the failure to identify all relevant issues or inherent weakness or legacy issues with an acquired business ahead of its acquisition;
- the inability to recruit and/or retain well-qualified staff for those businesses;
- the failure to meet customer demand as its operations or the market do not perform as expected;
- the inability to find a suitable buyer or wind-down existing businesses due to operational complexity, regulatory concerns and/or impact on customers;
- the failure to respond effectively to local economic conditions or regulatory pressures;
- the inability to successfully integrate the acquisition or new business into OakNorth's group; and/or
- the failure to accurately estimate market depth and market pricing.

If OakNorth subsequently disposes of or closes the acquired business or other business entity, or withdraws from a market, OakNorth will incur the additional costs of disposal, including any write down in value. There is also the opportunity cost of potentially losing out where a more appropriate geographical market or business acquisition would have been beneficial. The losses will be of greater magnitude if OakNorth makes such an error in relation to a number of strategic markets or acquisitions and this could materially and adversely affect the OakNorth's business, results of operations, financial condition and/or prospects.

Regulatory and legal risk – OakNorth is exposed to multiple areas of legal, regulatory and legislative risk

OakNorth is an authorised and regulated digital bank in the UK and is required to comply with a number of laws, regulations and codes across all of its business activities. Some of these regulations may further also apply directly to OakNorth's employees, as well as directors. A number of regulatory bodies in the UK supervise OakNorth as an authorised firm and can impact OakNorth's business operations and/or products. These regulatory bodies include but are not limited to the FCA, the PRA, HM Treasury, the Bank of England, the Financial Ombudsman Service ("FOS"), the Advertising Standards Authority and the Competition Markets Authority ("CMA"). OakNorth may also be subject to additional regulations should it start providing new products and services to customers, which may include, but are not limited to, regulations in relation to FX services, credit card services (see risk factor "*New products and strategic risk – OakNorth has committed material investments to trial new products and new market initiatives and is exposed to the risk that the product rollout hypothesis gets disproved, or the planned profitability is not achieved, or appropriate risk management frameworks are not implemented in relation to the products/markets*"). In August 2024, OakNorth received approval from the Federal Reserve and the New York State Department of Financial Services (NYDFS) to establish the New York Representative Office. Such approval is conditional on compliance by OakNorth with the conditions imposed in the approval received and the commitments made by OakNorth to the relevant regulatory bodies in the U.S.

Regulatory risk is the threat posed to OakNorth's financial, organisational or reputational standing resulting from the risk of legal/regulatory sanctions or material financial loss from a failure to comply with applicable laws, regulations, rules, standards and codes of conduct. This risk can also arise in respect of business originated by OakNorth or acquired by it. The risk relates to a number of areas which include, but are not limited to, the failure to understand and comply with relevant laws and regulatory requirements and expectations, the risk of treating customers unfairly or delivering poor outcomes that lead to customer detriment (including any alleged mis-selling of financial products), actions that may undermine or may be perceived to undermine market integrity, inadvertently facilitating financial crime and breach or alleged breach of data protection laws. Risks could also arise from OakNorth's interpretation of laws and regulations, which could be subject to challenge.

OakNorth could further be exposed to legal risks where any contractual obligations or contracts are not enforceable as intended or may be enforced against OakNorth in an adverse way; it infringes or is alleged to infringe intellectual property rights of third parties; it is liable for damages to third parties due to its business conduct; it is liable for damages to its employees due to breaches or alleged breaches under the Equality Act 2010 or other employee health and safety or employment rights acts and regulations.

Any failure to comply with applicable laws, regulations, rules and other conduct guidance could result in investigations or enforcement actions or complaints being brought against OakNorth or to the FOS, that may lead to fines, customer redressal costs, liability for damages, withdrawal of products, litigation actions, loss of protection, regulatory restrictions or suspension or termination of OakNorth's regulatory authorisations. Any of these developments could have a significant adverse effect on OakNorth's reputation, its relations with its customers and its ability to conduct business. Such developments could also increase OakNorth's operating costs, increase its capital and/or liquidity requirements and impact its results of operations, financial condition and/or prospects.

Financial crime risk - OakNorth is exposed to the threat of financial crime and must comply with detailed regulations, including anti-money laundering, anti-bribery and corruption, sanctions, and anti-facilitation of tax evasion rules

OakNorth is subject to a number of regulations and laws regarding money laundering and the financing of terrorism, including the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017; the Proceeds of Crime Act 2002; the Terrorism Act 2000; the Criminal Finances Act 2017, which includes provisions of the Anti Facilitation of Tax Evasion Policy ("AFTE"); as well as laws that prohibit OakNorth and its employees from making improper payments or offers of payment to foreign governments and their officials and political parties for the purpose of obtaining or retaining business, specifically including the Bribery Act 2010.

Monitoring compliance with anti-money laundering and anti-bribery rules can put a significant financial burden on banks and other financial institutions and requires significant technical capabilities. In recent years, enforcement of these laws and regulations against financial institutions has increased significantly, resulting in several landmark fines against UK financial institutions. While OakNorth has governance procedures to monitor changes to the regulations, it cannot predict the nature, scope or effect of future regulatory requirements to which it might be subject or the manner in which existing laws might be administered or interpreted.

OakNorth has in place systems and processes to prevent financial crime, including detailed customer due diligence (CDD) processes and systems which include investigation of AML risk and provide screening for issues including adverse media and sanctions. Although OakNorth believes that its current policies and procedures are sufficient to comply with applicable anti-money laundering, anti-bribery, AFTE and sanctions rules and regulations, it cannot guarantee that such processes will completely prevent financial crime, which is an ever-present and continually evolving threat. This includes actions by OakNorth's employees, for which it might be held responsible. Any such event could have severe consequences, including financial loss, sanctions,

finances and reputational consequences, which could have a material adverse effect on OakNorth's business, results of operations, financial condition and/or prospects.

OakNorth is subject to prudential capital, liquidity, funding and leverage requirements

OakNorth is subject to prudential regulatory capital, liquidity, funding and leverage ratio requirements which are set out in the UK Capital Requirements Regulation ("UK CRR"), measures implementing the Capital Requirements Directive V ("UK CRD V") and other relevant UK domestic law and regulation. In addition, OakNorth is subject to additional requirements imposed by the Bank of England, the PRA and the FCA. OakNorth is required to maintain adequate capital and liquidity resources at all times, in accordance with the regulatory guidelines.

OakNorth sets internal capital and liquidity targets based on PRA rules and guidance and based on the assessment of the risk profile of the business, market expectations and regulatory requirements. Critical risk appetite limits for projected capital, liquidity, funding and leverage ratios and requirements are set on a forward-looking basis to ensure any capital or liquidity raising activities are undertaken on a timely basis to continue supporting the growth of the business. This is done to ensure that capital and liquidity resources are in place for forecast growth requirements, considering all expected regulatory changes. The requirements, including any buffers, are also tested periodically under stress test scenarios.

HM Treasury and the PRA have the power to make changes to these rules. As part of implementing Basel III standards, parts of UK CRR were revoked and updated requirements were incorporated into the PRA rulebook effective from January 2022 onwards. The PRA published its near final policy statement (part 1) (PS17/23) on the implementation of Basel 3.1 in December 2023. The PRA published its near final policy statement (part 2) (PS9/24) in September 2024. In the policy statement the PRA confirmed that it had decided to move the implementation date for the Basel 3.1 standards by a further six months to 1 January 2026 with a four-year transitional period ending on 31 December 2029.

HM Treasury published a consultation paper on revisions to the UK CRR necessary to implement the Basel 3.1 standards in November 2022. The HM Treasury consultation closed on 31 January 2023. In September 2024, HM Treasury published a Policy Update confirming the legislative approach for implementing Basel 3.1 in the UK. It explains how HM Treasury will revoke certain other parts of UK CRR, which the PRA will then replace with rules implementing the new Basel standards.

In the current rapidly evolving prudential regulatory environment and pending the publication of the final rules, it is not possible to determine with certainty the impact of the changes on OakNorth's capital and liquidity position and requirements. Further, the rules are subject to interpretation, and the PRA may change the way it interprets and applies these requirements. There are additional prudential requirements that are applicable to OakNorth that consider idiosyncratic and other factors such as macro-economic indicators and additional buffers such as UK Countercyclical Buffer ("CCyB").

OakNorth's capital resource levels could be adversely impacted by increases in costs or ECLs. Capital ratios may be impacted by the way OakNorth computes its risk-weighted assets, which can be affected by changes to applicable laws, regulations or the interpretation thereof. Changes to applicable law, regulation and guidance could materially impact the definition, quality and level of capital OakNorth is required to hold. Funding and liquidity ratios and requirements could be affected by a number of factors, including but not limited to, OakNorth's ability to raise liquidity at appropriate cost and duration due to competition in the retail deposit space and/or other factors, changes to applicable laws and regulations in relation to the requirements, market-wide issues or issues at other industry participations that can impact OakNorth as a result of contagion (see also "*Funding and liquidity risk—OakNorth's business is subject to inherent liquidity risks, particularly if the availability of primary sources of funding, including retail and SME deposits, becomes limited and/or more expensive*"). Market scenarios and/or expectations could also result in OakNorth holding or being required to hold higher levels of capital or liquidity. OakNorth is also exposed to the operational risks that there are errors

in the calculations of capital and liquidity position or requirements, there is incorrect application or interpretation of regulations, there are governance and/or process failures leading to errors in critical prudential reporting and monitoring metrics and/or data or information that is used for the purposes of capital and liquidity planning. However, the risk of operational failure, incorrect application or interpretation of regulations and failures in governance or process is a risk faced by all banks.

OakNorth is also subject to regulatory limits on large exposures and requirements on capital deductions for certain funding arrangements entered into with connected parties where those arrangements are of a capital nature. OakNorth monitors all regulatory limits and restrictions through appropriate governance and risk management frameworks, however, there can be no guarantee that the risk of breaching the regulatory limit is identified fully and/or mitigated in its entirety.

OakNorth is a fast-growing digital bank and, as part of its growth strategy, it may launch new products, enter into new jurisdictions, enter into new transactions such as derivatives or securitisations and invest in different asset classes, all of which could materially impact its capital, liquidity, leverage and funding ratio requirements and add to new areas of risk it may be exposed to. While OakNorth has governance frameworks and procedures in place to ensure risks with any new business activities are controlled and mitigated and regulatory requirements are appropriately addressed and planned for through its ICAAP and the ILAAP and its periodic stress testing programmes, there can be no guarantee that such risks are identified fully and/or mitigated in their entirety.

All the above factors could have a material adverse effect on OakNorth's reputation, its business, results of operations, financial condition and/or prospects. If OakNorth were to fail to meet its minimum regulatory capital or liquidity requirements due to any of the above factors, it may be subject to regulatory action and fines, and may need to take specific management actions to raise additional capital or liquidity (as applicable) at costs that may not be economical, curtail its growth plans and/or be required to reduce its balance sheet. Any prolonged shortfall in capital and liquidity could result in OakNorth being unable to continue its business operations, pay its liabilities and pay any future dividends and distributions. Any inability of OakNorth to manage its capital or liquidity effectively could have a material adverse impact on OakNorth's reputation, business, results of operations, financial condition and/or prospects. In an extreme adverse scenario, OakNorth may be required to implement its recovery plan or be subject to resolution action by the Bank of England.

OakNorth is required to meet minimum requirement for own funds and eligible liabilities

To support the effectiveness of bail-in and other resolution tools, the BRRD (as defined below) requires that all institutions must meet an individual minimum requirement for own fund and eligible liabilities ("MREL") at all times. MREL is an institution-specific requirement and is set by the Bank of England annually. The Bank of England published a statement of policy in June 2018, which was updated with effect from January 2022, regarding its approach to setting MREL requirements. The current threshold for a bail-in resolution strategy (and associated MREL) is a total balance sheet size of £15 billion – £25 billion. The current threshold for a partial transfer strategy (and associated MREL) is 40,000 – 80,000 transactional accounts. For firms subject to a partial transfer preferred resolution strategy, the Bank of England may choose to adjust a firm's MREL downwards from the full amount that would be required for a bail-in resolution strategy. The Bank of England currently allows a transition period of six years to meet any increased MREL requirements.

In December 2021, the Bank of England issued a Policy Statement 'The Bank of England's review of its approach to setting a minimum requirement for own funds and eligible liabilities'. As well as addressing various other areas, the policy proposals provide certain non-system UK banks with a stepped and flexible glide-path to meeting their end-state MRELS. These firms are also now expected to have an advance 'notice period' of, ordinarily, three years before the start of their transition to end-state MREL, and six years starting from the point at which their transition begins to meet their end-state MREL in full, with either one or two intermediate steps to smooth any 'cliff-edge'. There will also be scope for firms to request a flexible two-year add-on under specific circumstances.

As at the date of publication of this Information Memorandum, OakNorth is below the prescribed thresholds and therefore its MREL requirement is set at a minimum regulatory capital requirement (i.e. Pillar 1 and Pillar 2A requirement). The continuing requirements will depend on a number of factors, including but not limited to, changes to OakNorth's balance sheet, changes to regulatory guidelines on the measure of exposures, changes to the allowed transition period, changes to regulatory thresholds and/or any other applicable rules. Given the uncertainty across a number of factors as detailed herein, there is significant uncertainty in both the timing and quantum of the future MREL requirements. Any increased MREL requirements for OakNorth could result in significant uncertainty on the ability of OakNorth to execute its growth strategy and could have a material adverse impact on OakNorth's capital structure, its business, results of operations, financial condition and/or prospects.

Ring-fencing requirements apply to certain banks in the UK with £25 billion or more of retail deposits

The Ring-fencing regime was implemented in January 2019, as a result of which banks in the UK may be required to ring-fence if they pass the threshold of £25 billion core retail deposits (measured on a three-year rolling average basis) either through organic growth or via acquiring another bank. This legislation requires UK banks to separate the provision of core retail services from other activities within their groups.

In December 2022, HM Treasury published the UK government's response to the independent review on ring-fencing and propriety trading, wherein the intention to consult on certain reforms by mid-2023 was announced, with a view to bringing forward secondary legislation later in the year. The reforms include a number of areas, including raising the threshold above which the Ring-fencing regime starts to apply, taking banking groups without major investment banking operations out of the regime (removing requirements from retail-focused banks where ring-fencing does not provide financial stability benefits), removing blanket geographical restrictions on ring-fenced banks operating subsidiaries or servicing clients outside the European Economic Area (the "EEA"), reviewing and updating the list of activities which ring-fenced banks are restricted from carrying out, and proposals concerning alignment of the Ring-fencing and resolution regimes.

In March 2023, HM Treasury published a call for evidence on aligning the Ring-fencing and resolution regimes. The deadline for responses to this paper was 7 May 2023. The PRA and HM Treasury published further consultation papers throughout 2023 including a HM Treasury consultation outlining proposals for reforms to the scope and extent of the ring-fencing regime and an accompanying PRA consultation on changes to its rules to integrate the changes proposed in HM Treasury's consultation (CP20/23).

HM Treasury expected to lay a statutory instrument implementing the ring-fencing reforms in parliament in the first quarter of 2024. The PRA intended for the amendments it proposed in CP 20/23 to be implemented to coincide as closely as possible with the removal of the legislative prohibition on non-EEA branches and subsidiaries. This was originally expected to take place in the first half of 2024.

As at the date of this Information Memorandum, HM Treasury has not laid a statutory instrument implementing the ring-fencing reforms in the UK parliament. The PRA has not implemented the changes it consulted on in CP 20/23.

In January 2024, the PRA published the conclusion of its review of its rules on ring-fencing as set out in the PRA rulebook. In the report the PRA concluded that on the whole, most of its rules were performing satisfactorily and no significant gaps had been identified.

As at the date of this Information Memorandum, OakNorth's retail deposit book value is below the prescribed threshold specified under the Ring-fencing regime and therefore these regulations do not apply to it. However, in the future if OakNorth increases the value of deposits that it accepts and the applicable thresholds are met, it may become subject to the Ring-fencing regime, and the likely implementation and ongoing compliance costs would be significant. Any such changes could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects.

OakNorth is required to comply with regulations that impact its conduct of business

There are a number of regulations and regulatory regimes that regulate the conduct of OakNorth's business. These regulations primarily deal with the behaviour of a regulated firm and its employees and consumer protection, ensuring fair and good outcomes for consumers. Any changes to these regulations could increase compliance costs for OakNorth and could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects. Additional regulations may apply, should OakNorth take additional regulatory permissions from regulators to offer additional regulated services and/or products. OakNorth does not currently offer consumer credit products or regulated mortgages.

OakNorth is required to comply with regulations and regulatory regimes that impact its conduct of business, including (but not limited to):

- **Senior Managers and Certification Regime:** The Senior Managers and Certification Regime (the "SMCR") is a regulatory framework in the UK, introduced by the FCA and the PRA, aimed at enhancing the accountability and responsibility of senior individuals working in the banking and insurance sectors and in investment firms. The SMCR was first implemented for banks, building societies and PRA investment firms in 2016, and was extended to cover all FCA solo-regulated firms on 9 December 2019. A review of the SMCR has been proposed under the Financial Services "Edinburgh Reforms" announced by the UK government in December 2022. In March 2023, the FCA and the PRA published a discussion paper DP1/23 – 'Review of the Senior Managers and Certification Regime (SMCR)', seeking industry inputs on a number of aspects of the regime. The latest FCA perimeter report published in April 2024 indicated that it would consult on potential changes to the regime in the second quarter of 2024. As at the date of this Information Memorandum no consultation paper has been published. There are a number of civil sanctions attached to breaches of elements of the SMCR. Additionally, section 36 of the Banking Reform Act 2013 introduced the criminal offence of reckless misconduct in the management of a bank which applies to senior managers.
- **Code of Conduct:** The FCA has set out within the SMCR a Code of Conduct which is a set of all-encompassing conduct rules. The conduct rules are split into two tiers, which apply to different levels of staff in regulated banks and which lay down principles of openness and acting with integrity and due skill and diligence.
- **Principles for Business:** The FCA requires businesses to follow the principles of 'treating customers fairly' ("TCF"). The TCF framework is developed around six outcomes and it is based upon the FCA's Principles for Business. The outcomes are designed to ensure that the fair treatment of customers is central to the corporate culture. A new principle, that of the Consumer Duty, has also recently been added to the FCA Principles, requiring us to act to deliver good outcomes for retail customers.
- **Consumer rights Act:** The main provisions of the Consumer Rights Act 2015 (the "CRA") came into force on 1 October 2015. The CRA deals with unfair contract terms and consumer notices. This legislation consolidates and reforms rules dealing with the fairness of contractual terms when dealing with consumers, as well as clarifying the remedies that consumers have. Under this Act, if a term of a consumer contract is found to be "unfair" it will not be binding on a consumer. The FCA issued further guidance in December 2018 concerning "Fairness of variation of terms in financial and consumer contracts under the Consumer Rights Act".

The CMA and the FCA have the powers to challenge unfair terms in financial services consumer contracts as the regulators under the CRA.

- **Consumer Duty:** In July 2022, the FCA published the final rules and guidance for a new "Consumer Duty", that sets higher and clearer standards of consumer protection across the financial services sector. The rules comprise–: (i) a new Consumer Principle that requires firms to act to deliver good outcomes

for retail customers, (ii) Cross-cutting rules that clarify the FCA’s expectations under the new Principle, (iii) rules relating to specific outcomes that represent the key stages of the firm-consumer relationship, including how firms design or sell products to consumers, the price and value of products and services, consumer understanding and consumer support. These rules came into force in July 2023, for all new products and services, and all existing products and services that remain on sale or open for renewal. The rules came into force in July 2024 for closed products and services. The rules primarily impact OakNorth’s deposit products and customers and have a material impact on its business operations. OakNorth has launched a major Consumer Duty programme which is being overseen by its Senior Independent Director as the Board champion to support the implementation plan.

- **The FCA’s Banking Conduct of Business sourcebook (“BCOBS”)**: This applies to firms with respect to the activity of accepting deposits from banking customers carried on from an establishment maintained by in the United Kingdom and activities connected with that activity. Banking customers are defined to include consumers and enterprises that employ fewer than 10 persons; and have a turnover or annual balance sheet that does not exceed €2 million. BCOBs contains requirements and associated guidance relating to a number of areas including: financial promotions, information to be communicated to banking customers and post sale requirements.

OakNorth is required to comply with regulatory expectations on climate risk management

In April 2019, the PRA published Supervisory Statement SS3/19 which detailed its supervisory expectations for firms’ management of climate-related financial risks. It details a list of areas where it expects firms to be able to demonstrate capabilities in meeting their supervisory expectations. These include: setting of Board oversight and governance; implementing a climate risk management framework (including risk appetite, committee structures, and the three lines of defence); demonstrating that climate risks have been appropriately factored into firms’ quantitative analysis; having a counterparty engagement strategy; and the ability to measure and quantify climate risk impact on regulatory capital. The PRA also expects that firms develop approaches to capture climate risk in balance sheet valuations, though it also anticipates that firms’ approaches to integrating climate risk into financial reporting processes will continue to evolve for several years.

In March 2023, the Bank of England published a report on climate-related risks and the regulatory capital frameworks. The report included updates on capability and regime gaps, capitalisation timelines, and areas for future research and analysis. The report sets out an update and key findings from that work. It does not set out any policy changes but explains the Bank of England’s thinking and identifies areas for future work.

The Climate Financial Risk Forum (the “CFRF”), an industry forum jointly convened by the PRA and the FCA, was set up in 2019 to build capacity and share best practice across industry and financial regulators to advance the sector’s responses to the financial risks from climate change. The CFRF has published a number of guidelines for risk management, disclosures, governance and scenario analysis. HM Treasury introduced the phased rollout of mandatory TCFD disclosures for regulated firms between 2021 and 2025. The FCA’s Environmental, Social and Governance sourcebook sets out rules and guidance concerning a firm’s approach to environmental, social and governance matters and contains rules and guidance regarding the disclosure of climate-related financial information consistent with TCFD Recommendations and Recommended Disclosures, which is a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes to better inform investors, shareholders and the public of a company’s climate-related financial risks.

Climate risk management for financial institutions is a complex and evolving area. Whilst OakNorth continues to work on embedding climate risk management principles throughout its business operations, it is expected that the approach will continue to evolve and be enhanced. Governance over climate/sustainability disclosures is also another key area of focus, as guidelines for reporting evolve and expectations of external auditor reviews are made mandatory.

Significant investments are required and expected to be made by all regulated firms across the industry over several years to comply with the requirements. The investments, where necessary, could increase the operating costs for OakNorth and increase regulatory scrutiny of its climate risk management practices and/or disclosures. All these factors could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects.

OakNorth is subject to a number of regulatory obligations in relation to third-party risk management (outsourcing and operational resilience)

OakNorth is subject to a number of regulatory obligations in relation to outsourcing and third-party risk management. The EBA 2019 guidelines on outsourcing arrangements continue to apply in the UK notwithstanding the UK's withdrawal from the EU, and supplement the existing provisions in the PRA Rulebook and the FCA Handbook in relation to outsourcing and require firms to identify, assess, monitor and manage risks associated with third-party arrangements.

The FCA and the PRA published the final policy statements and rules on operational resilience in March 2021, which applied from March 2022. The framework includes the following key elements: identification of Important Business Services; setting Impact Tolerances; mapping interconnections and interdependencies; testing and scenario planning; communication strategy; lessons learned; self-assessment; and board accountability. Firms are expected to have performed mapping and testing by March 2025 to demonstrate that they remain within the impact tolerances they had previously set.

Other regulations and legislation that apply to OakNorth

There are a number of regulations and regulatory regimes that regulate the conduct of OakNorth's business. Any changes to these regulations could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects. These include, but are not limited to:

- **Data Protection Act:** The Data Protection Act 2018 (the "DPA") supplements the retained EU law version of Regulation (EU) 2016/679 (as amended) (the "UK GDPR") and came into force on 25 May 2018 (superseding the Data Protection Act 1998). It also implements the EU Data Protection Directive (Directive (EU) 2016/680) into UK law. Those responsible for processing and controlling personal data must ensure that their data policies and processes reflect requirements contained in the UK GDPR and the DPA. The DPA appoints the Information Commissioner as the independent data protection regulator and contains requirements for data controllers to notify the Information Commissioner of breaches of the DPA. The UK GDPR sets a maximum fine of the greater of £17.5 million or 4 per cent. of annual global turnover for infringements.
- **Payment Services Regulations:** The Payment Services Regulations 2017 (the "PSRs") came into effect on 13 January 2018. The PSRs implement the European Union's Second Payment Services Directive into UK law and aim to create a more competitive and efficient payment services market, increase consumer protections, and enhance the security of online transactions. The Payment Systems Regulator, established in 2014, also plays a role in overseeing the operation of payment systems in the UK, while the FCA is responsible for authorising and regulating Payment Service Providers ("PSPs") under the PSRs. The PSRs cover a wide range of payment-related services and contains provisions regarding authorisation and registration requirements for PSPs, conduct of business requirements (including but not limited to requirements on the authorisation and execution of payment transactions, liability for unauthorised transactions, refunds for direct debits, charges, notification requirements), safeguarding requirements of customer funds, strong customer authentication and Open Banking, which requires banks to provide access to their customers' accounts to authorised third-party providers for payment initiation services and account information services.
- **Financial Ombudsman Service:** The FSMA established the FOS, which determines complaints made by eligible complainants in relation to authorised financial services firms and certain other financial

businesses, in respect of activities and transactions under its jurisdiction. The FOS determines complaints on the basis of what, in its opinion, is fair and reasonable in all the circumstances of the case. The maximum level of compensation that can be awarded by the FOS is £415,000 for complaints referred to the FOS on or after 1 April 2023 about acts or omissions by firms on or after 1 April 2019. Lower limits apply depending on when the case was referred and whether the act or omission by the firm was pre or post 1 April 2019. The FOS may also make directions awards, which direct the business to take steps as the FOS considers just and appropriate.

- **Financial Services Compensation Scheme:** The Financial Services Compensation Scheme is the UK’s statutory compensation scheme for customers of authorised financial services firms. It serves as a “fund of last resort”, stepping in to compensate consumers for financial loss when a financial services firm is unable, or likely to be unable, to pay claims against it. The FSCS is an independent body set up under the FSMA and is funded by levies on authorised financial services firms. The FSCS covers business conducted by firms authorised by the FCA and the PRA. Compensation limits apply on a “per person per firm” and “per claim category” basis, with a limit. As at the date of publication of this Information Memorandum, the compensation limits in cases of claims relating to deposits are £85,000 per person per firm or £170,000 for joint accounts. The limits are subject to change.
- **UK EMIR:** UK EMIR applies to OTC derivative contracts and aims to reduce systemic risk by increasing the transparency of the OTC derivatives market, mitigating counterparty credit risk, and reducing the operational risk associated with OTC derivatives.
- **HM Revenue and Customs and other tax-related rules:** Certain products and services provided by OakNorth require compliance with various tax rules, such as those relating to Individual Savings Accounts (“ISA”) and Common Reporting Standard requirements.
- **Other laws (including but not limited to):** Modern Slavery Act 2015; Employment Rights Act 1996, Health and Safety at Work Act 1974; Equality Act 2010.

OakNorth is subject to regulatory and legislative changes that could have a material adverse impact on its business operations, its capital and liquidity position and/or its ability to raise capital and liquidity, its reputation, its financial condition and/or growth plans and prospects

There are a number of developments in the legal, regulatory and legislative frameworks that OakNorth is or may be subject to in the future. These affect a number of risk areas that OakNorth is already exposed to, or could increase or add new areas of risk. OakNorth monitors all the regulatory updates and focus areas through horizon scanning, though it cannot be guaranteed that all emerging risks or developments are appropriately identified and mitigated. All these changes are unpredictable and beyond the control of OakNorth and could have a material adverse effect on OakNorth’s business, financial condition, results of operations and/or prospects.

- **Financial services regulations in the UK – overall reforms/changes:** In December 2022, the UK government announced a set of proposed reforms to the financial services regulations, known as “Edinburgh Reforms”. The proposed reforms are wide ranging, featuring thirty separate announcements. The reforms include, but are not limited to, publishing the plan for repealing and reforming EU law using powers within the Financial Services and Markets Bill, consulting on Consumer Credit Act Reform, reforming the Ring-Fencing Regime for banks, improving the tax rules for Real Estate Investment Trusts, commencing a review into reforming the Senior Managers & Certification Regime, overhauling the UK’s regulation of prospectuses, reforming the Securitisation Regulation and welcoming the PRA consultation on removing rules for the capital deduction of certain non-performing exposures held by banks. On 25 October 2023, HM Treasury published a letter providing a breakdown of progress in the implementation of the Edinburgh Reforms. The letter set out a number of areas that were still in progress including, for example, reforming the ring-fencing regime for banks and overhauling the UK’s

regulation of prospectuses. On 8 December 2023, the House of Commons Treasury Committee published a report on the progress of the Edinburgh reforms. The report concluded that six of the actions marked as 'delivered' by the government were not yet complete, on the basis that reforms should only be considered complete once recommendations from various reviews, taskforces and strategies have been implemented into regulatory rule changes. On 26 April 2024 the House of Commons Treasury Committee published HM Treasury's response to its report. In response to the assertion that certain actions should not be marked as "delivered", HM Treasury noted that ambitious regulatory change is a multi-step process and there are many milestones that it is appropriate to mark. Details of certain reforms, such as the overhaul of the CCA, are unknown. Additionally, the proposed timing of certain reforms, such as the ring-fencing reforms is unknown. In light of this the consequent impact on OakNorth is uncertain. Therefore no assurances can be given that OakNorth's business, financial condition, results of operations and/or prospects would not be adversely impacted by these changes.

- **Bank of England's approach to enforcement:** In May 2023, the Bank of England published consultation paper CP9/23 – 'The Bank of England's approach to enforcement: proposed changes and clarifications'. Amongst other things, the consultation paper proposes changes to the Bank of England's and the PRA's enforcement policies and procedures that include the creation of options for quicker investigatory outcomes, by providing a new route for early co-operation and increased incentives for earlier admissions by subjects, as well as amendments to the way in which the PRA calculates financial penalties for firms and individuals. The changes are mainly designed to provide greater clarity for ease of usage and introduce options for speedier investigatory outcomes, including through the creation of a new route for early co-operation for subjects of an investigation and an enhanced settlement discount of up to 50 per cent. for early admissions. The consultation paper also sets out proposed changes to the PRA's policies and procedures for making supervisory and other statutory notice decisions, and to the Bank of England's Enforcement Decision Making Committee's procedures. On 30 January 2024, the Bank of England published responses to CP 9/23 in the form of policy statement 1/24 ("PS 1/24"). PS 1/24 largely reflected the key changes to the PRA's enforcement approach and the new penalty starting point as envisaged by the consultation paper published in May 2023. The Bank of England made some changes including clarifying the applicability of the Early Account Scheme (EAS) and Enhanced Settlement Discount (ESD).
- **UK Deposit Takers Supervision:** In January 2024, the PRA published an update on its priorities for UK deposit takers. The Dear CEO letter notes that a common theme that underpins the year's priorities is the need for robust governance, risk management and controls at firms to enable the effective and proactive identification, assessment and mitigation of risks. The PRA highlights key areas of focus as credit risk, financial resilience, operational resilience, model risk, data risk and financial risks arising from climate change.
- **Capital, Liquidity, Funding and Leverage:** OakNorth is exposed to the risk of changes to the prudential regulatory capital, liquidity and leverage ratio requirements. As detailed under "*OakNorth is subject to prudential capital, liquidity and leverage requirements*", in September 2024, HM Treasury published a Policy Update confirming its legislative approach for implementing Basel 3.1. The PRA has published two near-final policy statements related to Basel 3.1. However, the PRA has not made final rule instruments at this stage because HM Treasury is required to first revoke the relevant parts of the Capital Requirements Regulation. In November 2022, the PRA published consultation paper CP16/22 'Implementation of the Basel 3.1 standards', that details the proposed rules and expectations in relation to the implementation of additional parts of the Basel III standards and amendments to the existing rules, including the transition period allowed for some of the specific components of the regulations.
- In April 2022, the PRA published consultation paper CP5/22 'The Strong and Simple Framework: a definition of a Simpler-regime Firm'. Through this framework, the PRA are seeking to mitigate

the ‘complexity problem’ that can arise when the same prudential requirements are applied to all firms. The PRA aims to achieve this through its ‘strong and simple’ initiative, that would seek to simplify the prudential framework for non-systemic domestic banks and building societies, while maintaining their resilience. The PRA are expected to consult on a number of different aspects of the requirements that would apply under the simpler regime and have proposed to develop the simpler regime in two phases: a Phase 1 that is focused on non-capital related prudential measures; and a Phase 2 that is focused on capital-related prudential measures.

- In February 2023, the PRA published consultation paper CP4/23 – ‘The Strong and Simple Framework: Liquidity and Disclosure requirements for Simpler-regime Firms’, which primarily consists of proposals for non-systemic firms in relation to liquidity requirements for the application of liquidity ratios, regulatory liquidity add-ons, changes to liquidity reporting and disclosure requirements, and simplifications to certain proportionality approaches currently applicable in the PRA Rulebook. Proposals relating to capital requirements (Phase 2) are expected to be published in 2024.
- In July 2023 the PRA published a consultation paper (CP14/23) on Pillar 3 remuneration disclosure. CP 14/23 set out proposals intended to enhance the proportionality of Pillar 3 remuneration disclosure requirements by reducing the number of remuneration disclosures required for many smaller banks.
- CP16/22 details the proposed thresholds for regulated firms that could be eligible for the application of the Simpler regime framework. In CP16/22, the PRA have proposed that eligible firms can choose to enter a transitional regime based on current CRR provisions during the interim period between the proposed implementation date for the Basel 3.1 standards and the future implementation date for a permanent risk-based capital regime for Simpler-regime Firms. The PRA have also proposed the option that the firms that meet the Simpler-regime criteria would be able to choose to be subject to, without delay, the proposed implementation of the Basel 3.1 standards as set out in CP16/22, should they prefer to do so.

In December 2023, the PRA published PS15/23 which included final rules that were largely aligned with the consultations set about above. The PRA confirmed in PS15/23 that it had decided to rename Simpler-regime Firms to Small Domestic Deposit Takers (“SDDTs”). Additionally, the PRA made changes to the draft rules to set the implementation dates as 1 January 2024 for the rules relating to the definition of an SDDT, the ability for eligible firms and consolidation entities to become SDDTs and SDDT consolidation entities, along with glossary changes, application rules, definitions, as well as the disclosure rules. 1 July 2024 was set as the implementation date for the liquidity rules. In PS15/23 the PRA noted its intention for Phase 2 to focus on simplifications to capital requirements, specifically Pillar 2 and buffer requirements, for SDDTs. The PRA published CP7/24 in September 2024. CP7/24 sets out the PRA’s proposals for Phase 2. The PRA proposes the majority of changes will be brought in from 1 January 2027. As at the date of publication of this Information Memorandum, OakNorth falls within the proposed thresholds to be eligible under the SDDT framework. OakNorth may consider the Strong and Simple framework versus Basel 3.1 and determine whether to enter the transitional regime for the Strong and Simple framework or Basel 3.1. Currently, OakNorth has assumed Basel 3.1 compliance in its base case financial plans.

- In March 2023, the PRA published consultation paper CP6/23 – ‘The non-performing exposures (“NPE”) capital deduction’, which proposes to remove certain deductions from CET1 capital that are currently required for non-performing exposures. In November 2023 the PRA published policy statement PS14/23 which provided feedback to responses to the March consultation paper. After considering responses to CP6/23, the PRA made three additional changes to remove references to the NPE deduction requirement in reporting and disclosure instructions. In PS14/23 the PRA noted

that it did not consider these changes to be significant. The PRA also confirmed that the rule change to remove the NPE deduction requirement would come into effect on 14 November 2023 and that the necessary modifications to reporting requirements would also be effective from that date. Removing the associated reporting requirements is expected to reduce all regulated firms' costs of monitoring, compliance, and data gathering in relation to the NPE deduction requirement.

- As detailed above, there is rapid and material evolution in the prudential regulation space that will materially impact the capital, leverage, liquidity and funding requirements across all regulated firms. OakNorth has participated in the relevant consultations issued so far and provided its responses/feedback to the regulators. A number of consultations are still awaited in addition to feedback on consultations. The published proposals could materially change based on industry feedback on the consultations. All the changes in the regulations and the uncertainty in the regulations and/or timing of the application of the regulations could materially impact OakNorth's assessment of its capital, leverage, liquidity and funding position and requirements. Any actual or perceived shortage of capital or liquidity and/or inability to meet the regulatory requirements could result in regulatory actions and/or sanctions, which could have a material adverse impact on OakNorth's reputation, its ability to raise capital and/or liquidity at appropriate costs, its business, results of operations, financial condition and/or prospects.
- As detailed under "*OakNorth is subject to prudential capital, liquidity and leverage requirements*", OakNorth is subject to additional capital buffer requirements such as the CCyB. This capital buffer requirement is based on relevant exposures held in different jurisdictions. The CCyB rate is set by the Financial Policy Committee (the "FPC") on a quarterly basis. The FPC agreed to maintain the UK CCyB rate at 2% on 11 June 2024, unchanged from its 13 March 2024 Policy meeting.
- Under the PRA leverage ratio framework, as set out in policy statement PS21/21, regulated firms that have retail deposits equal to or greater than £50 billion or have non-UK assets in excess of £10 billion are required to hold sufficient Tier 1 capital to maintain, at all times, a minimum leverage ratio of 3.25 per cent.. On 10 September 2024 the PRA announced that it is reviewing the leverage ratio requirement thresholds and is offering a modification by consent, where certain conditions are met, to disapply the relevant part of the PRA Rulebook until the review is complete. The modification will cease to have effect at the end of 30 June 2026. The PRA may revoke the modification earlier, at an appropriate time following the completion of the review.
- In May 2023, the PRA issued policy statement PS5/23 – 'Risks from contingent leverage', that provides further guidelines on contingent leverage risks that may arise from the use of certain forms of financing. This policy statement confirmed that firms subject to a leverage ratio minimum requirement would be subject to a new data reporting requirement from January 2024. Whilst as at the date of this Information Memorandum OakNorth is not subject to the leverage ratio framework, it maintains and monitors its leverage ratio in line with the framework.

Other regulatory and legislative changes that could have a material adverse effect on OakNorth's business, financial condition, results of operations and/or prospects

- In December 2022, the PRA published policy statement PS11/22 – Margin requirements for non-centrally cleared derivatives. These rules will impact any eligible derivative transactions that OakNorth may enter into in the future. The impact of the rules on OakNorth's business results of operations, financial condition and/or prospects cannot be determined with certainty.
- In September 2022, the PRA issued Consultation Paper CP9/22 – Depositor Protection that proposes amendments to a number of areas, including amending the Depositor Protection Part of the PRA Rulebook, delete the Dormant Account Scheme Part of the PRA Rulebook, and make minor amendments to the supervisory statement SS18/15 on depositor and dormant account protection, the Statement of

Policy on Deposit Guarantee Schemes (DGS), and the Statement of Policy on “Calculating Risk-Based Levies for the Financial Services Compensation Scheme deposits class” (RBL). The proposed amendments to the Depositor Protection Rules are aimed to ensure that the deposit protection framework provides an effective compensation scheme for deposits and minimises the adverse effect that the failure of a Financial Services Compensation Scheme member could be expected to have on the stability of the UK financial system. The proposals were implemented in the policy statement PS10/22 (November 2022), PS2/23 (March 2023) and PS7/23 (June 2023). The nature of the proposals is complex and the impact on OakNorth’s business results of operations, financial condition and/or prospects cannot be determined with certainty.

- In May 2023, the PRA published policy statement PS6/23 – ‘Model risk management principles for banks’ together with the final text of a new supervisory statement (SS1/23) on model risk management (“MRM”) principles. The policy proposes that firms should adopt five principles which it considers to be key in establishing an effective MRM framework. The principles were intended to complement existing requirements and supervisory expectations in force on MRM. It also proposed additional ways to ensure a proportionate implementation of the principles for “Simpler-regime Firms” as defined in CP5/22. As detailed in “*Model risk – OakNorth is subject to the risk that the credit models and analytical tools it uses for the purposes of credit risk management, ECL provisioning or financial planning are inaccurate or ineffective*”, OakNorth is subject to model risk and is required to comply, proportionately, with the regulations on Model risk management as proposed by the PRA. Any changes to these regulations could increase compliance costs for OakNorth and could have a material adverse effect on OakNorth’s business, financial condition, results of operations and/or prospects.
- The FCA introduced a new duty in 2023 called the “Consumer Duty” to set higher and clearer standards of consumer protection across financial services (see also “OakNorth is required to comply with regulations that impact its conduct of business”). The extensive set of rules detail the overall standards of behaviour the FCA expects from firms, the ‘Consumer Principle’, defines ‘Cross-cutting’ rules that will support the Consumer Principle by setting clear expectations for firms’ cultures and behaviours, and details requirements to regularly monitor specific customer outcomes. OakNorth was required to fully adopt the requirements by 31 July 2023 for its existing products and services, and by 31 July 2024 for closed products and services. OakNorth could face increased ongoing regulatory compliance costs as a result of the Consumer Duty rules. This could have a material adverse impact on OakNorth’s business, results of operations, financial condition and/or prospects.
- In February 2023, the PRA published policy statement PS1/23 – Remuneration: Unvested pay, Material Risk Takers and public appointments. The policy sets out the PRA’s proposed expectations in respect of changes to the instruments or claims that comprise unvested, deferred sums awarded to Material Risk Takers (“MRTs”) as part of their variable pay. It considers, in particular, cases where a change is prompted by the need to manage a conflict of interest arising from a MRT seeking a senior public appointment linked to financial policy or financial services regulation (a public-sector appointment).
- In December 2022, the FCA published Consultation Paper CP22/28 – ‘Remuneration; Ratio between fixed and variable components of total remuneration (‘bonus cap’)’. In the consultation, the FCA sets out its joint proposed rule changes with the PRA to remove the existing limits on the ratio between fixed and variable components of total remuneration (the “**bonus cap**”). The aim of CP22/28 is to strengthen the effectiveness of the remuneration regime by increasing the proportion of compensation that can be subject to the incentive setting tools within the framework. In the FCA’s view, over time these changes should also help remove unintended consequences of the bonus cap, particularly the growth in the proportion of the fixed component of total remuneration, which reduces a firm’s ability to adjust costs to absorb losses. On 24 October 2023, the PRA and FCA jointly published a policy statement on the ratio between fixed and variable components of total remuneration (PS9/23, PS23/15). The policy

statement confirmed that the regulators are implementing the final policy as consulted to remove the bonus cap, with some minor amendments in response to feedback received on the December 2022 consultation. The PRA also published consultation paper CP5/23 – ‘Remuneration: Enhancing proportionality for small firms’. The proposals set out the PRA’s proposed changes to the current rules and expectations to enhance the proportionality of the remuneration requirements which apply to small CRR firms and small third-country CRR firms (‘small firms’ – defined in line with the proposed Simpler-regime size threshold). In December 2023 the PRA and FCA published a joint policy statement (PS16/23, PS23/17) which included responses to feedback on CP5/23 and the FCA’s CP23/11. The rule changes came into force on 8 December 2023. In the Policy Statement the PRA confirmed that its policy intention is that all firms within the same group must be subject to the same remuneration rules. A more proportionate regime is only applicable if all firms in the group, and the group as a whole, meet the conditions set out in the definition of small firms in the PRA Rulebook. The FCA confirmed that its policy position in CP 23/11 had not changed. However, it included clarificatory changes to its rules to make clear that the thresholds based on a firm's average total assets need to be met not just by each individual firm, but also by the group on a consolidated basis. Whilst OakNorth does not currently expect to be impacted by the removal of the bonus cap, the proposals may, in future, impact OakNorth’s remuneration policies and the impact on OakNorth’s business results of operations, financial condition and/or prospects cannot be determined with certainty.

- In April 2023, the Joint Regulatory Oversight Committee, co-chaired by the FCA and the Payment Systems Regulator, published its recommendations for the next phase of Open Banking in the UK. The recommendations contain a roadmap of priorities that are aimed to enable open banking to develop further in a safe, scalable and economically sustainable way. In December 2023 the Joint Regulatory Oversight Committee published an update on the progress made since it outlined its open banking roadmap in April 2023. The update also set out plans to deliver new payment products and services. OakNorth is required to ensure that all the developments are appropriately considered in its new product development. These developments will require significant ongoing investments by OakNorth and could have a material adverse effect on OakNorth’s business, financial condition, results of operations and/or prospects.
- In March 2023, the Bank of England and PRA published their thematic findings from the 2022 cyber stress test (“CST22”), the aim of which was to identify the participating firms’ ability to quickly identify the nature of the disruption they faced and the potential financial stability impacts of firms not meeting the impact tolerance in cases where data integrity had been compromised. The Bank of England and PRA expect firms to draw on the key findings from CST22 and incorporate any relevant findings to ensure that their important business services can remain within impact tolerances in “severe but plausible” scenarios by March 2025 and embed the policy expectations to take action to improve their operational resilience.

Furthermore, in December 2023, the Bank of England, PRA and FCA (collectively, the “**regulators**”) published the thematic findings from the latest annual cycle of “CBEST” assessments. CBEST is a framework for intelligence-led penetration testing which focuses on a firm’s security controls and capabilities when faced with a simulated cyberattack. The expectation from the regulators is that firms apply the learnings from these findings to address similar potential weaknesses in their cyber programmes, raise awareness in the senior executive team and inform the work for both the firms’ internal audit teams as well as to structure future supervisory interaction between the regulators and the firms in relation to cyber resilience issues.

OakNorth applies a wide range of tools and resources, including regulatory guidelines and frameworks to inform its cyber-risk management programmes and operational resilience programmes. These areas are evolving at a high pace and ongoing investment is required in maintaining and complying with high

standards of both cyber and operational resilience. As a result, such developments in the cybersecurity landscape could have a material adverse impact on OakNorth's business, financial condition, results of operations and/or prospects.

- In October 2022, the FCA published consultation paper CP22/20 – ‘Sustainability Disclosure Requirements (SDR) and investment labels’. The aim of the consultation is to help consumers navigate an increasingly complex sustainable investment product landscape and protect them from “greenwashing”. The proposals introduce labels to help consumers navigate the market for sustainable investment products, ensure that sustainability-related terms in the naming and marketing products are proportionate to the sustainability profile of the product and propose disclosure requirements, including accessible consumer-facing as well as more detailed product-level and entity-level disclosures. In March 2023, the Treasury Sub-Committee on Financial Services Regulations raised concerns on the proposals in relation to the assessment of costs to the consumer, international divergence/convergence and the potential risks to consumers and the funds industry. The consultation attracted a large number of responses. The FCA published the corresponding policy statement PS 23/16 in November 2023. The policy statement confirmed that the FCA would introduce an: anti-greenwashing rule for all FCA-authorized firms to reinforce that sustainability-related claims must be fair, clear and not misleading; naming and marketing rules for investment products, to ensure the use of sustainability-related terms is accurate; four labels to help consumers navigate the investment product landscape; and disclosure rules to help consumers understand a product's key sustainability characteristics. These rules could have a significant impact on OakNorth's sustainability disclosures and/or future products. The climate risk management and disclosures area is complex and subject to rapid changes in the industry. The impact of these rules is therefore significantly uncertain on OakNorth's business, financial condition, results of operations and/or prospects.
- Diversity, Equity, and Inclusion remains an important focus and the FCA and PRA expect firms to continue to embed it in their cultures. In July 2021, a discussion paper, DP2/21 – ‘Diversity and inclusion in the financial sector – working together to drive change’, was published. In September 2023 the FCA and PRA published consultation papers setting out their proposals (CP23/20, CP18/23). A final policy statement is expected to be published in 2024.
- Final proposals have not yet been published and as such it is not possible to determine the impact that the future proposals may have on OakNorth's people strategy, its business, financial condition, results of operations and/or prospects.

Risks related to the Notes

The obligations of the Issuer in respect of the Notes are subordinated

The Notes constitute unsecured and subordinated obligations of the Issuer.

On a Winding-Up of the Issuer, all claims in respect of the Notes will rank junior to the claims of all Senior Creditors of the Issuer. If, on a liquidation of the Issuer, the assets of the Issuer are insufficient to enable the Issuer to repay the claims of more senior-ranking creditors in full, the Noteholders will lose their entire investment in the Notes. If there are sufficient assets to enable the Issuer to pay the claims of senior-ranking creditors in full but insufficient assets to enable it to pay claims in respect of its obligations in respect of the Notes and all other claims that rank *pari passu* with the Notes, Noteholders will lose some (which may be substantially all) of their investment in the Notes. Further, investors in the Notes will not be entitled to exercise any rights of set-off against the Issuer in respect of the Notes.

For the avoidance of doubt, the holders of the Notes shall, in a liquidation of the Issuer, have no claim in respect of the surplus assets (if any) of the Issuer remaining in any liquidation following payment of all amounts due in respect of the liabilities of the Issuer.

Although the Notes may pay a higher rate of interest than securities which are not subordinated, there is a substantial risk that investors in the Notes will lose all or some of the value of their investment should the Issuer become insolvent or subject to any of the resolution, write-down or conversion powers in the Banking Act 2009 (the “**Banking Act**”).

As at 30 June 2024, the Group had indebtedness of £5,927 million (including customer deposit liabilities, borrowings under TFSME, trade payables and provisions, operating lease liabilities and other liabilities), all of which ranks senior to the Notes. In addition to this, the Issuer had Tier 2 debt (including accrued interest) of £31 million outstanding as at 30 June 2024. Other than the ordinary shares of the Issuer, all current liabilities of the Issuer will be senior to the Notes.

Noteholders are also subject to the provisions of the Banking Act relating to, *inter alia*, the write down of capital instruments and the bail-in of liabilities as described under “*Mandatory write-down and conversion of capital instruments may affect the Notes*”.

The remedies available to Noteholders under the Notes are limited

Noteholders may not at any time demand repayment or redemption of their Notes, although in a Winding-Up, the Noteholders will have a claim for an amount equal to the principal amount of the Notes plus any accrued interest.

The sole remedy in the event of any non-payment of principal or interest under the Notes, subject to certain conditions as described in Condition 8, is that the Trustee, on behalf of the Noteholders may, at its discretion, or shall at the direction of an Extraordinary Resolution or request in writing of the holders of at least 25 per cent. of the aggregate principal amount of the outstanding Notes subject to applicable laws, institute proceedings for the winding-up of the Issuer and/or prove for any payment obligations of the Issuer arising under the Notes in any winding-up or other insolvency proceedings in respect of such non-payment.

The remedies under the Notes are more limited than those typically available to the Issuer’s unsubordinated creditors. For further details regarding the limited remedies of the Trustee and the Noteholders, see Condition 8.

There is no limit on the amount or type of further bonds or indebtedness that the Issuer may issue, incur or guarantee

There is no restriction on the amount of bonds or other liabilities that the Issuer may issue, incur or guarantee and which rank senior to, or *pari passu* with, the Notes. The issue or guaranteeing of any such Notes or the incurrance of any such other liabilities may reduce the amount (if any) recoverable by Noteholders during a winding-up or administration or resolution of the Issuer and may limit the Issuer’s ability to meet its obligations under the Notes. The Issuer may also issue, in the future, subordinated liabilities which rank senior to the Notes.

The circumstances under which the UK resolution authorities may implement their resolution or other powers under the Banking Act are inherently uncertain (including prior to insolvency of the Issuer), and the use or anticipated use of such powers may adversely affect the price or value of the Notes

Under the Banking Act, substantial powers are granted to HM Treasury, the Bank of England, the PRA and the FCA (each an “**Authority**” and together, the “**Authorities**”) to resolve failing banks and their groups as part of a special resolution regime (the “**SRR**”) made under the Banking Act, which (along with rules in the PRA Rulebook and the FCA Handbook as well as amendments to HM Treasury’s Special Resolution Regime Code of Practice) also implements the provisions of the Bank Recovery and Resolution Directive (the “**BRRD**”) relating to the resolution of banks and certain other financial institutions.

The SRR consists of five stabilisation options: (i) private sector transfer of all or part of the business or shares of the relevant entity to a private sector purchaser; (ii) transfer of all or part of the business of the relevant entity to a “bridge bank” established by the Bank of England; (iii) transfer to an asset management vehicle wholly or partly owned by HM Treasury or the Bank of England; (iv) temporary public ownership (nationalisation) of the

relevant entity; and (v) the bail-in tool which permits the Bank of England to (a) cancel, reduce or defer the equity liabilities of a bank (including divesting shareholders of a bank of their shares); (b) cancel, modify or convert the form of a liability owed by, amongst others, a relevant entity or provide that a contract under which, amongst others, a relevant entity has a liability is to have effect as if a specified right had been exercised under it; or (c) transfer securities issued by, amongst others, a relevant entity to a bail-in administrator. The purpose of the stabilising options under the Banking Act is to address the situation where all or part of a business of a relevant entity has encountered, or is likely to encounter, financial difficulties, giving rise to wider public interest concerns. Accordingly, the stabilisation options may be exercised if (i) the relevant UK resolution authority is satisfied that a relevant entity (such as the Issuer) is failing, or is likely to fail (including where the relevant entity is failing or likely to fail to meet the threshold conditions specified in FSMA), (ii) following consultation with the other UK resolution authorities, the relevant UK resolution authority determines that it is not reasonably likely that (ignoring the stabilising options) action will be taken that will enable the relevant entity to satisfy those conditions, (iii) the UK resolution authorities consider the exercise of the stabilisation options to be necessary, having regard to certain public interest considerations (such as the stability of the UK financial system, public confidence in the UK banking system and the protection of depositors) and (iv) the relevant UK resolution authority considers that the specific resolution objectives would not be met to the same extent by the winding up of the relevant entity. It is therefore possible that one of the stabilisation options could be exercised prior to the point at which any insolvency proceedings with respect to the relevant entity could be initiated. The Banking Act requires the relevant UK resolution authority to apply the write-down powers in the following order: (i) additional tier 1, (ii) tier 2, (iii) other subordinated claims and (iv) certain senior claims. The bail-in power is subject to the “no creditor worse off” safeguard, under which any shareholder or creditor which receives less favourable treatment following the exercise of the bail-in power than they would have had the institution entered into insolvency may be entitled to compensation.

Although the Banking Act provides for conditions to the exercise of any resolution powers, there is considerable uncertainty regarding the specific factors, beyond the goals of addressing banking crises pre-emptively and minimising taxpayers’ exposure to losses (for example, by writing down relevant capital instruments before the injection of public funds into a financial institution), which the UK resolution authorities would consider in deciding whether to exercise the resolution and capital write down and conversion powers under the Banking Act with respect to the Issuer and/or the Notes, and the UK resolution authorities are afforded considerable discretion in this regard. Many of the factors may be outside of the Issuer’s control or not directly related to it. The UK resolution authorities are also not required to provide any advance notice to Noteholders of their decision to exercise any resolution power. Accordingly, it may not be possible for investors or prospective investors in the Notes to predict accurately (or at all) if and whether the UK resolution authorities may take action under the Banking Act in respect of the Issuer and/or the Notes, or what action may be taken and the level of losses that would be borne by investors in the Notes as a result. Any indication or expectation that resolution or other powers may be used by the UK resolution authorities in respect of the Issuer and/or the Notes could materially adversely affect the price, liquidity and/or volatility in any market for the Notes, and uncertainty as to whether or when the UK resolution authorities may take action, and the nature and extent of that action, may exacerbate these risks. Therefore, Noteholders may not be able to anticipate a potential exercise of any such powers nor the potential effect of any exercise of such powers on the Issuer or the Notes.

Various actions may be taken in relation to the Notes without the consent of the Noteholders

If the Issuer were made subject to the SRR, HM Treasury or the Bank of England may exercise extensive share transfer powers (applying to a wide range of securities) and property transfer powers (including powers for partial transfers of property, rights and liabilities) subject to certain protections in respect of the Issuer. Exercise of these powers could involve taking various actions in relation to any securities issued by the Issuer (including the Notes) without the consent of the Noteholders, including (among other things):

- transferring the Notes out of the hands of the holders;

- delisting the Notes;
- writing down (which may be to nil) the Notes or converting the Notes into another form or class of securities; and/or
- modifying or disapplying certain terms of the Notes.

The relevant Authorities may exercise the bail-in tool under the Banking Act to recapitalise a relevant entity in resolution by allocating losses to its shareholders and unsecured creditors (which include Noteholders) in a manner that (i) ought to respect the hierarchy of claims in an ordinary insolvency and (ii) is consistent with shareholders and creditors not receiving a less favourable treatment than they would have received in ordinary insolvency proceedings of the relevant entity (known as the “no creditor worse off” safeguard). In addition, even in circumstances where a claim for compensation is established under the “no creditor worse off” safeguard in accordance with a valuation performed after the resolution action has been taken, it is unlikely that such compensation would be equivalent to the full losses incurred by the Noteholders in the resolution and there can be no assurance that Noteholders would recover such compensation promptly.

The bail-in tool includes the power to cancel a liability or modify the terms of contracts for the purposes of reducing or deferring the liabilities of the relevant entity under resolution and the power to convert a liability from one form or class to another. The exercise of such powers may result in the cancellation of all, or a portion, of the principal amount of, interest on, or any other amounts payable on, the Notes and/or the conversion of all or a portion of the principal amount of, interest on, or any other amounts payable on, the Notes into shares or other securities or other obligations of the Issuer or another person, including by means of a variation to the terms of the Notes.

The taking of any such actions could materially adversely affect the rights of Noteholders, and such actions (or the perception that the taking of such actions may be imminent) could materially adversely affect the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

Mandatory write-down and conversion of capital instruments may affect the Notes

In addition to the stabilisation options which may be used in a resolution of an institution, the Banking Act requires that the UK resolution authorities permanently write-down, or convert into equity, Tier 1 capital instruments and Tier 2 capital instruments (such as the Notes) at the point of non-viability of the relevant entity or group and before or together with the exercise of any stabilisation power. The Banking Act further gives the UK resolution authorities the power to cancel, reduce or defer the equity liabilities of a bank, which may include equity liabilities into which the Notes have been converted (including divesting shareholders of a bank of their shares) in a resolution scenario.

For the purposes of the application of such mandatory write-down and conversion power, the point of non-viability is the point at which the UK resolution authorities determine that the relevant entity meets the conditions for resolution (but no resolution action has yet been taken) or that the relevant entity or the group will no longer be viable unless the relevant capital instruments are written-down or converted or the relevant entity requires extraordinary public support without which, the UK resolution authorities determine that, the relevant entity or group would no longer be viable.

Noteholders may be subject to write-down or conversion into equity on application of such powers (without requiring the consent of such Noteholders), which may result in such Noteholders losing some or all of their investment. The “no creditor worse off” safeguard would not apply in relation to an application of such powers in circumstances where resolution powers are not also exercised. The exercise of such mandatory write-down

and conversion power under the Banking Act could, therefore, materially adversely affect the rights of holders of Notes, and such exercise (or the perception that such exercise may be imminent) could materially adversely affect the price or value of their investment in the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

A partial transfer of the Issuer's business may result in a deterioration of its creditworthiness

If the Issuer were made subject to the SRR and, notwithstanding the Bank of England's current preferred resolution strategy for the Issuer which is a modified bank insolvency process, a partial transfer of its business to another entity were effected, the quality of the assets and the quantum of the liabilities not transferred and remaining with the Issuer (which may include the Notes) may result in a deterioration in the creditworthiness of the Issuer and, as a result, increase the risk that it may be unable to meet its obligations in respect of the Notes and/or eventually become subject to administration or insolvency proceedings pursuant to the Banking Act. In such circumstances, Noteholders may have a claim for compensation under one of the compensation schemes existing under, or contemplated by, the Banking Act, but there can be no assurance that Noteholders will have such a claim or, if they do, that they would thereby recover compensation promptly or equal to any loss actually incurred.

As at the date of this Information Memorandum, the Authorities have not made an instrument or order under the Banking Act in respect of the Issuer and there has been no indication that they will make any such instrument or order. However, there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such order or instrument if made.

The Notes are not 'protected liabilities' for the purposes of any Government compensation scheme

The FSCS established under the Financial Services and Markets Act 2000 is the statutory fund of last resort for customers of authorised financial services firms paying compensation to customers if the firm is unable, or likely to be unable, to pay certain claims (including in respect of deposits and insurance policies) made against it (together "**Protected Liabilities**").

The Notes are not, however, Protected Liabilities under the FSCS and, moreover, are not guaranteed or insured by any government, government agency or compensation scheme of the United Kingdom or any other jurisdiction.

Noteholders may not require the redemption of the Notes prior to their maturity

The Notes mature on 9 January 2035. The Issuer is under no obligation to redeem the Notes at any time prior thereto and the Noteholders have no right to require the Issuer to redeem or purchase any Notes at any time. Any redemption of the Notes and any purchase of any Notes by the Issuer will be subject always to the prior approval of the Relevant Authority (*as defined in the Terms and Conditions of the Notes*) and to compliance with prevailing Regulatory Capital Requirements, and the Noteholders may not be able to sell their Notes in the secondary market (if at all) at a price equal to or higher than the price at which they purchased their Notes. Accordingly, investors in the Notes should be prepared to hold their Notes for a significant period of time.

The Notes are subject to early redemption at the option of the Issuer and upon the occurrence of certain tax and regulatory events

Subject to the prior approval of the Relevant Authority (such approval having not been revoked by the relevant date of such redemption) and to compliance with prevailing Regulatory Capital Requirements, the Issuer may, at its option, redeem all (but not some only) of the Notes at their principal amount plus unpaid interest accrued to (but excluding) the date fixed for redemption at any time in the three month period ending on the Reset Date, or, upon the occurrence of a Tax Event or a Capital Disqualification Event.

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. Further, during periods when there is an increased likelihood, or

perceived increased likelihood, that the Notes will be redeemed early, the market value of the Notes may be adversely affected.

If the Issuer redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case Noteholders may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

It is not possible to predict whether the events referred to above will occur and lead to circumstances in which the Issuer may elect to redeem the Notes, and if so whether or not the Issuer will satisfy the conditions, or elect, to redeem the Notes. The Issuer may be more likely to exercise its option to redeem the Notes at any time in the three months prior to and including the Reset Date if the Issuer's funding costs would be lower than the prevailing interest rate payable in respect of the Notes. If the Notes are so redeemed, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same rate of return as their investment in the Notes.

Potential investors should also note that the Issuer in certain circumstances has the ability to exercise a "clean-up" call in relation to the Notes. If, prior to the giving of the notice thereof, 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 15 and consolidated and forming a single series with the Notes shall be deemed to have been originally issued) has been purchased by the Issuer or by others for the Issuer's account and cancelled, then the Issuer may redeem at any time all, but not some only, of the remaining outstanding Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption.

The Issuer may not be liable to pay certain taxes

All payments by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction (as at the date of this Information Memorandum, being the United Kingdom or any political subdivision or any authority thereof or therein having power to tax), unless the withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will (subject to certain customary exceptions) pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders in respect of payments of interest after the withholding or deduction shall equal the amounts which would have been receivable in respect of interest on the Notes in the absence of such withholding or deduction.

Potential investors should be aware that neither the Issuer nor any other person will be liable for or otherwise obliged to pay, and the relevant Noteholders will be liable for and/or pay, any tax, duty, charge, withholding or other payment whatsoever which may arise as a result of, or in connection with, the ownership, any transfer and/or any payment in respect of the Notes, except as provided for in Condition 9 (as described above).

In particular, the Notes do not provide for payments of principal to be grossed up in the event withholding tax of the Relevant Jurisdiction is imposed on repayments of principal. As such, the Issuer would not be required to pay any Additional Amounts under the terms of the Notes to the extent any withholding or deduction applied to payments of principal. Accordingly, if any such withholding or deduction were to apply to any payments of principal under the Notes, Noteholders may receive less than the full amount due under the Notes and the market value of the Notes may be adversely affected.

The interest rate on the Notes will be reset on the Reset Date, which may affect the market value of the Notes

The Notes will initially accrue interest at a fixed rate of interest to, but excluding, the Reset Date. From, and including, the Reset Date, however, the interest rate will be reset to the Reset Rate of Interest (as described in

Condition 5). This reset rate could be less than the initial rate of interest, which could affect the amount of any interest payments under the Notes and so the market value of an investment in the Notes.

The Issuer may be substituted as principal debtor in respect of the Notes

At any time, the Trustee may agree (subject to the Issuer having obtained any requisite Supervisory Permission from the Relevant Authority) to the substitution in place of the Issuer (or any previous Substitute Obligor) as a new principal debtor under the Trust Deed and the Notes of any person or persons incorporated in any country in the world, in each case subject to the Trustee being satisfied that such substitution is not materially prejudicial to the interests of the Noteholders, and subject to certain other conditions set out in Condition 11(c) being complied with.

The terms of the Notes may be modified, or the Notes may be substituted, by the Issuer without the consent of the Noteholders in certain circumstances, subject to certain restrictions

In the event of certain specified events relating to taxation or following the occurrence of a Capital Disqualification Event, the Issuer may (subject to certain conditions) at any time substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or become (as applicable), Qualifying Tier 2 Securities, without the consent of the Noteholders.

Qualifying Tier 2 Securities must have terms not materially less favourable to holders than the terms of the Notes, as reasonably determined by the Issuer in consultation with an independent investment bank or financial advisor of international standing. However, there can be no assurance that, due to the particular circumstances of a holder of Notes, such Qualifying Tier 2 Securities will be as favourable to each investor in all respects or that, if it were entitled to do so, a particular investor would make the same determination as the Issuer as to whether the terms of the Qualifying Tier 2 Securities are not materially less favourable to holders than the terms of the Notes.

Because the Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the clearing system procedures for transfer, payment and communication with the Issuer

The Notes will, upon issue, be represented by a Global Certificate that will be deposited with, and registered in the name of a nominee for, a common depository for Euroclear and Clearstream, Luxembourg. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear or Clearstream, Luxembourg, as the case may be.

While the Notes are in global form, the payment obligations of the Issuer under the Notes will be discharged upon such payments being made by or on behalf of the Issuer to or to the order of the nominee for the common depository. A holder of a beneficial interest in a Security must rely on the procedures of Euroclear and/or Clearstream, Luxembourg, as the case may be, to receive payments under the Notes. The Issuer does not have any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Integral multiples of less than £100,000

The denomination of the Notes will be £100,000 and integral multiples of £1,000 in excess thereof. Accordingly, it is possible that the Notes may be traded in the clearing systems in amounts in excess of £100,000 that are not integral multiples of £100,000. Should Certificates be required to be issued, they will be issued in principal amounts of £100,000 and higher integral multiples of £1,000 but will in no circumstances be issued to Noteholders who hold Notes in the Relevant Clearing System (as defined in this Information Memorandum) in amounts that are less than £100,000. Accordingly, any Noteholder who holds an amount which is less than £100,000 in principal amount of the Notes in his account with the Relevant Clearing System at the relevant time may not receive a Certificate (should Certificates be printed) in respect of such holding. Such a Noteholder would need to purchase a principal amount of Notes such that its holding amounts to £100,000 in order to receive a Certificate.

If Certificates are issued, Noteholders should be aware that definitive Notes which have a denomination that is not an integral multiple of £100,000 may be illiquid and difficult to trade.

Meetings of Noteholders and modification

The Conditions of the Notes will contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

In addition, the Trustee may agree, without the consent of the Noteholders, to make any modification to any of the Conditions or any of the provisions of the Trust Deed or the Agency Agreement that: (i) in the opinion of the Trustee, subject to the provisions of the Trust Deed, is not materially prejudicial to the interests of the Noteholders; or (ii) in its opinion, is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders.

Change of law

The Conditions of the Notes will be governed by the laws of England. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England (including any change in regulation which may occur without a change in primary legislation) or applicable administrative practice (in the UK or to UK taxation law or the practice of HM Revenue and Customs (HMRC), in each case after the date of this Information Memorandum. Such changes in law may include, but are not limited to, amendments to the statutory resolution and loss absorption tools and regulatory and resolution capital requirements applicable to the Issuer, the Issuer Group and/or the Notes, which may affect the rights of Noteholders.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro-rata commissions depending on the order value. To the extent that additional – domestic or foreign – parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of Notes (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Prospective investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Risks Related to the Market Generally

The secondary market generally

The Notes represent a new security for which no secondary trading market currently exists and there can be no assurance that one will develop. If a market does develop, it may not be very liquid. If the Notes are issued to

a single investor or a limited number of investors, this may result in an even more illiquid or volatile market in the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Notes.

If a market for the Notes does develop, the trading price of the Notes may be subject to wide fluctuations in response to many factors, including those referred to in this risk factor, as well as stock market fluctuations and general economic conditions that may adversely affect the market price of the Notes, such volatility may be increased in an illiquid market including in circumstances where a significant proportion of the Notes are held by a limited number of initial investors. Publicly traded bonds from time to time experience significant price and volume fluctuations that may be unrelated to the operating performance of the companies that have issued them, and such volatility may be increased in an illiquid market. If any market in the Notes does develop, it may become severely restricted, or may disappear, if the financial condition of the Issuer deteriorates such that there is an actual or perceived increased likelihood of the Issuer being unable to pay interest on the Notes in full, or of the Notes being subject to loss absorption under an applicable statutory loss absorption regime. In addition, the market price of the Notes may fluctuate significantly in response to a number of factors, some of which are beyond the Issuer's control.

Any or all of such events could result in material fluctuations in the price of Notes which could lead to investors losing some or all of their investment.

The issue price of the Notes might not be indicative of prices that will prevail in the trading market, and there can be no assurance that an investor would be able to sell its Notes at or near the price which it paid for them, or at a price that would provide it with a yield comparable to more conventional investments that have a developed secondary market.

Moreover, although the Issuer can or can procure others to (subject to Supervisory Permission (and such Supervisory Permission not having been revoked at the relevant date of such purchase) and compliance with prevailing Regulatory Capital Requirements) purchase Notes at any time, it has no obligation to do so. Purchases made by (or on behalf of) the Issuer could affect the liquidity of the secondary market of the Notes and thus the price and the conditions under which investors can negotiate these Notes on the secondary market.

In addition, Noteholders should be aware of the prevailing credit market conditions (which continue at the date of this Information Memorandum), whereby there is a general lack of liquidity in the secondary market which may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Notes or the assets of the Issuer. The Issuer cannot predict whether these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Although an application has been made for the Notes to be admitted to trading on the ISM, there is no assurance that such application will be accepted or that an active trading market will develop.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in pounds sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than pounds sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of pounds sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency or pounds sterling may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to pounds sterling would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal as measured in the Investor's Currency.

Interest rate risks

An investment in the Notes, which bear interest at a fixed rate (reset after five years), involves the risk that subsequent changes in market interest rates may adversely affect their value. The rate of interest will be reset after five years, and as such the reset rate is not pre-defined at the date of issue of the Notes; it may be different from the initial rate of interest and may adversely affect the yield of the Notes.

TERMS AND CONDITIONS OF THE NOTES

The following (excluding italicised paragraphs which are for information purposes only and do not form part of the terms and conditions of the Notes) is the text of the terms and conditions that, subject to completion and amendment, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Certificate.

The issue of the £150,000,000 10.000 per cent. Fixed Rate Reset Callable Subordinated Notes due 2035 (the “**Notes**”, which expression shall in these terms and conditions (the “**Conditions**”), unless the context otherwise requires, include any Further Notes issued pursuant to Condition 15) of OakNorth Bank plc (the “**Issuer**”) was authorised by resolutions of the Board of Directors of the Issuer passed on 27 September 2024 and 2 October 2024, and resolutions of a duly authorised executive committee of the Board of Directors of the Issuer passed on 27 September 2024 and 2 October 2024. The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 9 October 2024 between the Issuer and Citibank, N.A., London Branch (the person or persons for the time being the trustee or trustees under the Trust Deed, the “**Trustee**”) as trustee for the Holders (as defined below) of the Notes. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Notes. Copies of the Trust Deed and of the agency agreement (the “**Agency Agreement**”) dated 9 October 2024 relating to the Notes between the Issuer, Citibank, N.A., London Branch as the initial principal paying agent (the person for the time being the principal paying agent under the Agency Agreement, the “**Principal Paying Agent**”), as the initial agent bank (the person for the time being the agent bank under the Agency Agreement, the “**Agent Bank**”) and as the initial registrar (the person for the time being the registrar under the Agency Agreement, the “**Registrar**”), and the initial transfer agents named therein (the person(s) for the time being the transfer agent(s) under the Agency Agreement, the “**Transfer Agent(s)**”), and the Trustee, (i) are available for inspection during usual business hours at the principal office of the Trustee (presently at Citigroup Centre, 33 Canada Square, London E14 5LB) and at the specified offices of the Principal Paying Agent, the Registrar and each of the Transfer Agents or (ii) may be provided by email to a Holder (following a written request therefor by it) from the Trustee or the Principal Paying Agent (subject to the Principal Paying Agent and the Trustee being supplied by the Issuer with electronic copies), subject in each case to the Holder providing evidence of its identity and its holding of Notes satisfactory to, as applicable, the Trustee or the Principal Paying Agent. The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions applicable to them of the Agency Agreement.

1 Form, Denomination and Title

(a) Form and Denomination

The Notes are serially numbered in the denominations of £100,000 and integral multiples of £1,000 in excess thereof.

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

(b) Title

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

In these Conditions, “**Holder**” means the person in whose name a Note is registered.

2 Transfers of Notes

(a) Transfer

A holding of Notes may, subject to Condition 2(d), be transferred in whole or in part upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate(s) representing such Notes to be transferred, together with the form of transfer endorsed on such Certificate(s), duly completed and executed and any other evidence as the Registrar or Transfer Agent may reasonably require. In the case of a transfer of part only of a holding of Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. In the case of a transfer of Notes to a person who is already a Holder, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. All transfers of Notes and entries in the Register will be made in accordance with the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

(b) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(a) shall be available for delivery within three business days of receipt of a duly completed and executed form of transfer and surrender of the existing Certificate(s). Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such form of transfer and Certificate(s) shall have been made or, at the option of the Holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Transfer Agent or the Registrar (as the case may be) the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(b), “**business day**” means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(c) Transfer Free of Charge

Certificates, on transfer, shall be issued and registered without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to such transfer (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(d) Closed Periods

No Holder may require the transfer of a Note to be registered (i) during the period of 15 days ending on (and including) the due date for redemption or substitution of that Note pursuant to Condition 6 or (ii) during the period of seven days ending on (and including) any Record Date.

3 Status

The Notes constitute direct and unsecured and unguaranteed obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of Holders in respect of, or arising under, their

Notes (including any damages awarded for breach of obligations in respect thereof) are subordinated as described in Condition 4.

4 Subordination

(a) Winding-Up

If a Winding-Up occurs, the rights and claims of the Holders (and of the Trustee on their behalf) against the Issuer in respect of, or arising under, each Note shall be for (in lieu of any other payment by the Issuer) an amount equal to the principal amount of the relevant Note, together with, to the extent not otherwise included within the foregoing, any other amounts attributable to such Note, including any accrued and unpaid interest thereon and any damages awarded for breach of any obligations in respect thereof, provided however that such rights and claims shall be subordinated as provided in this Condition 4(a) and in the Trust Deed to the claims of all Senior Creditors but shall rank (i) at least *pari passu* with the claims of holders of all other subordinated obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 2 Capital (if any) and all obligations which rank or are expressed to rank, *pari passu* therewith and (ii) in priority to the claims of holders of all obligations of the Issuer which constitute, or would but for any applicable limitation on the amount of such capital constitute, Tier 1 Capital and all obligations which rank, or are expressed to rank, *pari passu* therewith and to the claims of holders of all classes of share capital of the Issuer.

(b) Set-off etc.

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation, counterclaim, netting or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Trust Deed and each Holder shall, by virtue of his holding of any Note (or any beneficial interest therein), be deemed, to the fullest extent permitted under applicable law, to have waived all such rights of set-off, compensation, counterclaim, netting or retention. Notwithstanding the preceding sentence, if any of the amounts owing to any Holder by the Issuer in respect of, or arising under or in connection with the Notes is discharged by set-off or netting, such Holder shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold an amount equal to such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer (as the case may be)) and accordingly any such discharge shall be deemed not to have taken place.

5 Interest Payments

(a) Interest Rate

The Notes bear interest at the applicable Interest Rate from (and including) the Issue Date in accordance with the provisions of this Condition 5.

Interest shall be payable on the Notes in equal instalments semi-annually in arrear on each Interest Payment Date as provided in this Condition 5.

Where it is necessary to compute an amount of interest in respect of any Note for a period which is less than a complete Interest Period, the relevant day-count fraction shall be determined on the basis of the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the product of (1) the actual number of days in the Interest Period (or, if the relevant accrual period falls within the long first Interest Period, the actual number of days from and including the date falling 6 months prior to the first Interest Payment

Date) in which the relevant period falls (including the first such day but excluding the last) and (2) the number of Interest Periods normally ending in any year.

For the avoidance of doubt, the first Interest Period shall be a long first Interest Period for the period from (and including) the Issue Date to (but excluding) the first Interest Payment Date and the amount of interest payable in respect of each Calculation Amount on the first Interest Payment Date shall be £74.795.

(b) Interest Accrual

The Notes will cease to bear interest from (and including) the due date for redemption thereof pursuant to Condition 6(a), (c), (d) or (e) or the date of substitution thereof pursuant to Condition 6(f), as the case may be, unless, upon surrender of the Certificate representing any Note, payment of all amounts due in respect of such Note is not properly and duly made, in which event interest shall continue to accrue on the Notes, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date. Interest in respect of any Note shall be calculated per Calculation Amount and the amount of interest per Calculation Amount shall, save as provided in Condition 5(a) in relation to equal instalments, be equal to the product of the Calculation Amount, the relevant Interest Rate and the day-count fraction as described in Condition 5(a) for the relevant period, rounding the resultant figure to the nearest penny (half a penny being rounded upwards). The amount of interest payable in respect of each Note is the aggregate of the amounts (calculated as aforesaid) for each Calculation Amount comprising the denomination of the Note.

(c) Initial Fixed Interest Rate

For the Initial Fixed Rate Interest Period, the Notes bear interest at the rate of 10.000 per cent. per annum (the “**Initial Fixed Interest Rate**”).

(d) Reset Rate of Interest

The Interest Rate will be reset (the “**Reset Rate of Interest**”) in accordance with this Condition 5 on the Reset Date. The Reset Rate of Interest will be determined by the Agent Bank on the Reset Determination Date as the sum of the Reset Reference Rate and the Margin. If no Gilt Yield Quotations are provided by the relevant Reset Reference Banks pursuant to the definition of Reset Reference Rate, the Reset Rate of Interest shall be the Initial Fixed Interest Rate.

(e) Determination of Reset Rate of Interest

The Agent Bank will, as soon as practicable after 11.00 a.m. (London time) on the Reset Determination Date, determine the Reset Rate of Interest in respect of the Reset Period. The determination of the Reset Rate of Interest by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(f) Publication of Reset Rate of Interest

The Agent Bank shall cause notice of the Reset Rate of Interest determined in accordance with this Condition 5 in respect of the Reset Period to be given to the Trustee, the Principal Paying Agent, the Registrar, each of the Transfer Agents, any stock exchange on which the Notes are for the time being listed or admitted to trading and, in accordance with Condition 14, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

If there is a failure to pay principal or interest on the Notes or a Winding-Up as set out in Condition 8(a), the accrued interest per Calculation Amount and the Reset Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with

this Condition 5 but no publication of the Reset Rate of Interest need be made unless the Trustee otherwise requires.

(g) Agent Bank and Reset Reference Bank

The Issuer will maintain an Agent Bank and (where the Reset Rate of Interest is to be calculated by reference to them) the Issuer will appoint the number of Reset Reference Banks provided below. The name of the initial Agent Bank and its initial specified office is set out at the end of these Conditions.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Agent Bank or any Reset Reference Bank with another leading investment or commercial bank or financial institution in London. If the Agent Bank is unable or unwilling to continue to act as the Agent Bank or fails duly to determine the Reset Rate of Interest in respect of the Reset Period as provided in Condition 5(d), the Issuer shall forthwith appoint another leading investment or commercial bank or financial institution in London approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) Determinations of Agent Bank Binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by or on behalf of the Agent Bank, shall (in the absence of manifest error) be binding on the Issuer, the Agent Bank, the Trustee, the Principal Paying Agent, the Registrar, the Transfer Agents and all Holders and (in the absence of wilful default or gross negligence) no liability to the Holders or the Issuer shall attach to the Agent Bank in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

6 Redemption, Substitution, Variation and Purchase

(a) Final Redemption

Unless previously redeemed, purchased and cancelled or (pursuant to Condition 6(f)) substituted, the Notes will be redeemed at their principal amount, together with accrued and unpaid interest, on 9 January 2035 (the “**Maturity Date**”). The Notes may not be redeemed at the option of the Issuer other than in accordance with this Condition 6.

(b) Conditions to Redemption, Substitution, Variation and Purchase

Any redemption, substitution, variation or purchase of the Notes in accordance with Condition 6(c), (d), (e), (f) or (g) is subject, as applicable and in each case if and to the extent then required under prevailing Regulatory Capital Requirements, to:

- (i) the Issuer having obtained prior Supervisory Permission therefor and such Supervisory Permission having not been revoked by the relevant date of such redemption, substitution, variation or purchase;
- (ii) in the case of any redemption or purchase of any Notes, either: (A) the Issuer having (or will on or before the relevant redemption or purchase date, have) replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer; or, save in the case of Condition 6(b)(v)(A) below, (B) the Issuer having demonstrated to the satisfaction of the Relevant Authority that the own funds and eligible liabilities of the Issuer and/or the Issuer Group (as required by the Relevant Authority at the relevant time) would, following such redemption or purchase, exceed its minimum applicable own funds and eligible liabilities requirements (including any applicable buffer requirements) by a margin (calculated in accordance with prevailing Regulatory Capital Requirements) that the Relevant Authority considers necessary at such time;

- (iii) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Tax Event, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the applicable change in tax treatment is material and was not reasonably foreseeable as at the Reference Date;
- (iv) in the case of any redemption of the Notes prior to the fifth anniversary of the Reference Date upon the occurrence of a Capital Disqualification Event, the Issuer having demonstrated to the satisfaction of the Relevant Authority that the relevant change in the regulatory classification of the Notes was not reasonably foreseeable as at the Reference Date; and
- (v) in the case of any purchase of the Notes prior to the fifth anniversary of the Reference Date pursuant to Condition 6(g), either (A) the Issuer having, before or at the same time as such purchase, replaced the Notes with own funds instruments of equal or higher quality at terms that are sustainable for the income capacity of the Issuer, and the Relevant Authority having permitted such action on the basis of the determination that it would be beneficial from a prudential point of view and justified by exceptional circumstances or (B) the relevant Notes are being purchased for market-making purposes in accordance with applicable Regulatory Capital Requirements.

Any refusal by the Relevant Authority to give its Supervisory Permission as contemplated above (or, having given it, any revocation by the Relevant Authority of such Supervisory Permission) shall not constitute a default for any purpose.

Notwithstanding the above conditions, if, at the time of any redemption, substitution, variation or purchase, the prevailing Regulatory Capital Requirements permit the redemption, substitution, variation or purchase only after compliance with one or more alternative or additional pre-conditions to those set out above in this Condition 6(b), the Issuer shall comply with such other and/or, as appropriate, additional pre-condition(s).

Prior to the publication of any notice of substitution, variation or redemption pursuant to this Condition 6 (other than redemption pursuant to Condition 6(c)(i)), the Issuer shall deliver to the Trustee (i) a certificate signed by two Authorised Signatories stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or, as appropriate, vary is satisfied and, in the case of a substitution or variation, that the terms of the relevant Qualifying Tier 2 Securities will, following such substitution or variation (as applicable), comply with the definition thereof in Condition 19 and (ii) in the case of a redemption pursuant to Condition 6(d) only, an opinion from a nationally recognised law firm or other tax adviser in the UK experienced in such matters to the effect that the relevant requirement or circumstance referred to in any of paragraphs (i) to (v) (inclusive) of the definition of "Tax Event" applies (but, for the avoidance of doubt, such opinion shall not be required to comment on the ability of the Issuer to avoid such circumstance by taking measures reasonably available to it) and the Trustee shall be entitled to accept (and if so treated and accepted by the Trustee, shall be so treated and accepted by the Holders) such certificate and, where applicable, opinion as sufficient evidence of the satisfaction of the relevant conditions precedent in which event it shall be conclusive and binding on the Trustee and the Holders.

(c) Issuer's Call Option

- (i) Subject to Condition 6(b), the Issuer may, by giving not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions all, but not some only, of the Notes at any time in the three months prior to and including the Reset Date at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for

redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

- (ii) If, prior to the giving of the notice referred to below in this Condition 6(c)(ii), 75 per cent. or more of the aggregate principal amount of the Notes originally issued (and, for these purposes, any Further Notes issued pursuant to Condition 15 and consolidated and forming a single series with the Notes shall be deemed to have been originally issued) has been purchased by the Issuer or by others for the Issuer's account and cancelled, then the Issuer may, subject to Condition 6(b), by giving not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption) elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(d) Redemption Due to Taxation

If, prior to the giving of the notice referred to in this Condition 6(d), a Tax Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(e) Redemption for Regulatory Purposes

If, prior to the giving of the notice referred to in this Condition 6(e), a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14 the Trustee, the Registrar and the Principal Paying Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for redemption), elect to redeem in accordance with these Conditions at any time all, but not some only, of the Notes at their principal amount, together with any unpaid interest accrued to (but excluding) the date fixed for redemption. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b), redeem the Notes.

(f) Substitution or Variation

If a Tax Event or a Capital Disqualification Event has occurred, then the Issuer may, subject to Condition 6(b) and having given not less than 15 nor more than 30 days' notice to the Holders in accordance with Condition 14, the Trustee, the Registrar and the Principal Paying Agent (which notice shall, subject as aforesaid, be irrevocable and shall specify the date fixed for substitution or variation, as the case may be, of the Notes) but without any requirement for the consent or approval of the Holders, at any time (whether before or following the Reset Date) either substitute all (but not some only) of the Notes for, or vary the terms of the Notes so that they remain or, as appropriate, become, Qualifying Tier 2 Securities, and the Trustee shall (subject to the following provisions of this Condition 6(f) and subject to the receipt by it of the certificates of the Authorised Signatories referred to in Condition 6(b) above and in the definition of "Qualifying Tier 2 Securities") agree to such substitution or variation. Upon the expiry of such notice, the Issuer shall, subject to Condition 6(b) and the following provisions of this Condition 6(f), either vary the terms of or substitute the Notes in accordance with this Condition 6(f), as the case may be. The Trustee shall use its reasonable endeavours to assist the Issuer in the substitution of the

Notes for, or the variation of the terms of the Notes so that they remain, or as appropriate, become, Qualifying Tier 2 Securities, provided that the Trustee shall not be obliged to participate in, or assist with, any such substitution or variation if the terms of the proposed Qualifying Tier 2 Securities or the participation in or assistance with such substitution or variation would impose, in the Trustee's opinion, more onerous obligations upon it or expose it to any liabilities against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or reduce the protections afforded to the Trustee under the Trust Deed, the Conditions or the Notes.

In connection with any substitution or variation in accordance with this Condition 6(f), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(g) Purchases

The Issuer may, subject to Condition 6(b), in the circumstances permitted by the Regulatory Capital Requirements at any time purchase (or otherwise acquire), or procure others to purchase (or otherwise acquire) beneficially for its account, Notes in any manner and at any price. The Notes so purchased (or acquired), while held by or on behalf of the Issuer, shall not entitle the Holder to vote at any meetings of the Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Holders or for the purposes of Condition 8(c).

(h) Cancellation

All Notes redeemed or substituted by the Issuer pursuant to this Condition 6 will forthwith be cancelled. All Notes purchased by or on behalf of the Issuer may, at the option of the Issuer and subject to obtaining any Supervisory Permission therefor (and such Supervisory Permission not having been revoked), be held, reissued, resold or, at the option of the Issuer, surrendered for cancellation to the Registrar. Notes so surrendered, shall be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be permanently and irrevocably discharged.

7 Payments

(a) Method of Payment

- (i) Payments of principal shall be made in pounds sterling (subject to surrender of the relevant Certificates at the specified office of any Transfer Agent or of the Registrar if no further payment falls to be made in respect of the Notes represented by such Certificates) in like manner as provided for payments of interest in paragraph (ii) below.
- (ii) Interest on each Note shall be paid to the person shown in the Register at the close of business on the Business Day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Note shall be made in pounds sterling by transfer to a pounds sterling account maintained by the payee with a bank in London.

(b) Payments Subject to Laws

Save as provided in Condition 9, payments will be subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment or other laws or regulations to which the Issuer or its Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) Payments on Business Days

Payment instructions (for value the due date, or if that date is not a Business Day, for value the first following day which is a Business Day) will be initiated on the last day on which the Principal Paying Agent is open for business preceding the due date for payment or, in the case of payments of principal where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on a day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

(d) Delay in Payment

Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Note if the due date is not a Business Day or if the Holder is late in surrendering or cannot surrender its Certificate (if required to do so).

(e) Non-Business Days

If any date for payment in respect of any Note is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 7, “**business day**” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the place in which the specified office of the Registrar is located and where payment is to be made by transfer to an account maintained with a bank in sterling, on which foreign exchange transactions may be carried on in sterling in London.

8 Default

(a) Default

If the Issuer shall not make payment in respect of the Notes (in the case of payment of principal) for a period of seven days or more or (in the case of any interest payment or any other amount in respect of the Notes) shall not make payment for a period of 14 days or more, in each case after the date on which such payment is due, the Issuer shall be deemed to be in default (a “**Default**”) under the Trust Deed and the Notes and the Trustee in its discretion may, or (subject to Condition 8(c)) if so directed by an Extraordinary Resolution or requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, notwithstanding the provisions of Condition 8(b), institute proceedings for the winding-up of the Issuer.

In the event of a Winding-Up (whether or not instituted by the Trustee pursuant to the foregoing), the Trustee in its discretion may, or (subject to Condition 8(c)) if so directed by an Extraordinary Resolution or requested in writing by the Holders of at least one-quarter in principal amount of the Notes then outstanding shall, prove and/or claim in such Winding-Up, such claim being as contemplated in Condition 4(a).

(b) Enforcement

Without prejudice to Condition 8(a), the Trustee may at its discretion and without notice institute such steps, actions or proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Trust Deed or the Notes (other than any payment obligation of the Issuer under or arising from the Notes or the Trust Deed, including, without limitation, payment of any principal or interest in respect of the Notes, including any damages awarded for breach of any obligations) provided that in no event shall the Issuer, by virtue of the institution of any such steps, actions or proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been due and payable by it pursuant to these Conditions and the Trust Deed. Nothing in this Condition 8(b) shall, however, prevent the Trustee instituting proceedings for the winding-up of the

Issuer and/or proving and/or claiming in any Winding-Up in respect of any payment obligations of the Issuer arising from the Notes or the Trust Deed (including any damages awarded for breach of any obligations) in, as appropriate, the circumstances provided in Conditions 4(a) and 8(a).

(c) Entitlement of Trustee

The Trustee shall not be bound to take any of the actions referred to in Condition 8(a) or (b) above against the Issuer to enforce the terms of the Trust Deed or the Notes or any other action under or pursuant to the Trust Deed unless (i) it shall have been so directed by an Extraordinary Resolution or requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

(d) Right of Holders

No Holder shall be entitled to proceed directly against the Issuer or to institute proceedings for the winding-up of the Issuer or prove or claim in any Winding-Up unless the Trustee, having become so bound to proceed or being able to prove or claim in such Winding-Up, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Holder shall, with respect to the Notes held by it, have only such rights against the Issuer as those which the Trustee is entitled to exercise in respect of such Notes as set out in this Condition 8.

(e) Extent of Holders' Remedy

No remedy against the Issuer, other than as referred to in this Condition 8, shall be available to the Trustee or the Holders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Notes or under the Trust Deed.

9 Taxation

All payments of principal, interest and any other amounts by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Jurisdiction, unless such withholding or deduction is required by law. In that event, in respect of payments of interest (but not principal or any other amount), the Issuer will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holders of such amounts as would have been received by them in respect of payments of interest had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Note:

- (a) held by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of having some connection with the Relevant Jurisdiction other than a mere holding of such Note; or
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the Certificate representing the Note is presented for payment; or
- (c) in respect of which the certificate representing such Note is presented for payment more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such Additional Amounts on presenting the Note for payment on the last day of such period of 30 days.

References in these Conditions to interest shall be deemed to include any Additional Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Notwithstanding any other provisions of these Conditions, any amounts to be paid on the Notes by or on behalf of the Issuer shall be made net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “Code”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or any intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any Additional Amounts in respect of FATCA Withholding.

10 Prescription

Claims against the Issuer for payment in respect of the Notes shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

11 Meetings of Holders, Modification, Waiver and Substitution

(a) Meetings of Holders

The Trust Deed contains provisions for convening meetings of Holders (including in a physical place or by any electronic platform (such as conference call or videoconference) or a combination of such methods) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Issuer or by Holders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 3 and 4, the terms concerning currency and due dates for payment of principal or interest payments in respect of the Notes and reducing or cancelling the principal amount of, or interest on, any Notes or varying the method of calculating the Interest Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 6(f) in connection with the variation of the terms of the Notes so that they become alternative Qualifying Tier 2 Securities, and to which the Trustee has agreed pursuant to the relevant provisions of Condition 6(f).

The Trust Deed provides that (i) a resolution passed, at a meeting duly convened and held, by a majority of at least 75 per cent. of the votes cast, (ii) a resolution in writing signed by or on behalf of the Holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Holder(s) of not less than 75 per cent. in principal

amount of the Notes for the time being outstanding shall, in each case, be effective as an Extraordinary Resolution. A resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

An Extraordinary Resolution passed at any meeting of Holders or in writing or by way of electronic consents will be binding on all Holders, whether or not they are present at the meeting or voting in favour or, as the case may be, whether or not signing the written resolution or providing electronic consents.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Agency Agreement which in its opinion is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach of any of these Conditions or of the provisions of the Trust Deed or the Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders. The Trustee may, without the consent of the Holders, determine that any Default should not be treated as such, provided that in the opinion of the Trustee, the interests of Holders are not materially prejudiced thereby.

Any such modification, authorisation or waiver shall be binding on the Holders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Holders as soon as practicable. No modification to these Conditions or any other provisions of the Trust Deed shall become effective unless the Issuer shall have obtained any requisite Supervisory Permission therefor from the Relevant Authority and such Supervisory Permission has not been revoked by the relevant date of such modification.

(c) Substitution

The Trustee may agree with the Issuer, without the consent of the Holders and subject to the Issuer having obtained any requisite Supervisory Permission therefor from the Relevant Authority and such Supervisory Permission having not been revoked by the relevant date of such substitution, to the substitution on a subordinated basis equivalent to that referred to in Conditions 3 and 4 of any person or persons incorporated in any country in the world (the “**Substitute Obligor**”) in place of the Issuer (or any previous Substitute Obligor under this Condition 11(c)) as a new principal debtor under the Trust Deed and the Notes provided that:

- (A) a trust deed is executed or some other form of undertaking is given by the Substitute Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of the Trust Deed and the Notes, with any consequential amendments which the Trustee may deem appropriate, as fully as if the Substitute Obligor had been named in the Trust Deed and on the Notes as the principal debtor in place of the Issuer (or of any previous Substitute Obligor);
- (B) (unless the successor in business (as defined in the Trust Deed) of the Issuer is the Substitute Obligor) the obligations of the Substitute Obligor under the Trust Deed and the Notes are guaranteed by the Issuer (or the successor in business of the Issuer) on a subordinated basis equivalent to that referred to in Conditions 3 and 4 and in the Trust Deed and in a form and manner satisfactory to the Trustee;
- (C) a director of the Substitute Obligor or another officer acceptable to the Trustee certifies that the Substitute Obligor is solvent at the time at which the said substitution is proposed to be effected (and the Trustee may rely absolutely on such certification without further enquiry and without liability to any person and shall not be bound to have regard to the financial condition, profits or prospects of the Substitute Obligor or to compare the same with those of the Issuer);

- (D) without prejudice to the rights of reliance of the Trustee under (C) above, the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Holders;
- (E) such substitution shall not give rise to a Tax Event or a Capital Disqualification Event;
- (F) the Trustee may in the event of such substitution agree, without the consent of the Holders, to a change in the law governing the Trust Deed and/or the Notes, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Holders; and
- (G) the Issuer and the Substitute Obligor comply with the requirements of Condition 6(b).

(d) Entitlement of the Trustee

In connection with the exercise of its trusts, powers, authorities, discretions and functions (including, but not limited to, any modification, waiver, authorisation, determination or substitution) the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

(e) Notices

Any such modification, waiver, authorisation, determination or substitution shall be binding on all Holders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Holders in accordance with Condition 14 as soon as practicable thereafter.

12 Replacement of the Notes

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and, regulations, at the specified office of the Registrar or such other Transfer Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in light of prevailing market practice). Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13 Rights of the Trustee

The Trust Deed contains provisions for the indemnification of, and/or the provision of security for and/or prefunding, the Trustee and for its relief from responsibility.

The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Holders on a report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

Conditions 3 and 4 apply only to amounts payable in respect of the Notes and nothing in Conditions 3, 4 or 8 shall affect or prejudice the payment of the costs (including legal fees), charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof.

The Trustee shall not be liable for any consequences of any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers (as provided in Condition 17(c) below) in respect of the Issuer or any of its affiliates or any Notes and shall not be required to take any action in connection therewith that would, in the Trustee's opinion, expose the Trustee to any liability or expense unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction; provided that nothing in this paragraph shall prevent any application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers in respect of the Issuer or any of its affiliates or any Notes from taking effect, and each Holder by its acquisition of any Notes (or any interest therein) authorises and instructs the Trustee to take such steps as may be necessary or expedient in order to give effect to any such application of UK Statutory Loss Absorption Powers or any other recovery or resolution powers.

The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists for the purposes of these Conditions and will not be responsible to Holders for any loss arising from any failure by it to do so. Unless and until the Trustee has written notice of the occurrence of any event or circumstance within these Conditions, it shall be entitled to assume that no such event or circumstance exists.

14 Notices

Notices required to be given to the Holders pursuant to the Conditions shall be mailed to them at their respective addresses in the Register and deemed to have been given on the first weekday (being a day other than a Saturday or Sunday) after the date of mailing. The Issuer shall also ensure that all such notices are duly published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Notes are for the time being listed and/or admitted to trading.

15 Further Issues

The Issuer may from time to time without the consent of the Holders, but subject to it obtaining any Supervisory Permission required therefor (and such Supervisory Permission not having been revoked at the relevant date of such creation and issue), create and issue further securities having the same terms and conditions as the Notes in all respects (or in all respects except for the amount and date of the first payment of interest on them and the date from which interest starts to accrue) and so that such further issue shall be consolidated and form a single series with the outstanding Notes (the "**Further Notes**"). References in these Conditions to the Notes include (unless the context requires otherwise) any Further Notes. Any Further Notes shall be constituted by the Trust Deed or a deed supplemental to it.

16 Agents

The initial Principal Paying Agent, the Registrar and the Transfer Agents and their initial specified offices are listed below. They act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Holder. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, the Registrar and the Transfer Agents and to appoint additional or other Transfer Agents, provided that it will at all times maintain a Principal Paying Agent, a Registrar and a Transfer Agent.

The Issuer undertakes, whenever a function expressed in these Conditions to be performed by the Agent Bank falls to be performed, to appoint and (for so long as such function is required to be performed) maintain an Agent Bank.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 14. If any of the Agent Bank, Registrar or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place. All calculations and determinations made by the Agent Bank, Registrar or the Principal Paying Agent in relation to the Notes shall (save in the case of manifest error) be final and binding on the Issuer, the Trustee, the Agent Bank, the Registrar, the Principal Paying Agent and the Holders.

17 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

(b) Jurisdiction

The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or the Notes and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed or any Notes (including any legal action or proceedings relating to non-contractual obligations arising out of or in connection with them) (“**Proceedings**”) may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of the courts of England in respect of any such Proceedings.

(c) Acknowledgement of UK Statutory Loss Absorption Powers

Notwithstanding and to the exclusion of any other term of the Notes or any other agreements, arrangements or understanding between the Issuer and any Holder (which, for the purposes of this Condition 17(c), includes each holder of a beneficial interest in the Notes) or the Trustee on their behalf, by its acquisition of the Notes (or any interest therein), each Holder acknowledges and accepts that the Relevant Amounts arising under the Notes may be subject to the exercise of UK Statutory Loss Absorption Powers by the Relevant Resolution Authority and acknowledges, accepts, consents to and agrees to be bound by:

- (i) the effect of the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority, which exercise (without limitation) may include and result in any of the following, or a combination thereof:
 - (a) the reduction of all, or a portion, of the Relevant Amounts in respect of the Notes;
 - (b) the conversion of all, or a portion, of the Relevant Amounts in respect of the Notes into shares, other securities or other obligations of the Issuer or another person, and the issue to or conferral on the Holder of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Notes;
 - (c) the cancellation of the Notes or the Relevant Amounts in respect of the Notes; and
 - (d) the amendment or alteration of the Maturity Date of the Notes or amendment of the amount of interest payable on the Notes, or the date on which interest becomes payable, including by suspending payment for a temporary period; and
- (ii) the variation of the terms of the Notes, as deemed necessary by the Relevant Resolution Authority, to give effect to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority.

No repayment or payment of Relevant Amounts in respect of the Notes will become due and payable or be paid after the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority if and to the extent such amounts have been reduced, converted, cancelled, amended or altered as a result of such exercise.

Neither a reduction or cancellation, in part or in full, of the Relevant Amounts, the conversion thereof into another security or obligation of the Issuer or another person, as a result of the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Issuer, nor the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes will constitute a default for any purpose.

Upon the exercise of the UK Statutory Loss Absorption Powers by the Relevant Resolution Authority with respect to the Notes, the Issuer will provide a written notice to the Holders (with a copy to the Principal Paying Agent and Trustee) in accordance with Condition 14 as soon as practicable regarding such exercise of the UK Statutory Loss Absorption Powers. Any delay or failure by the Issuer in delivering any notice referred to in this Condition 17 shall not affect the validity and enforceability of the UK Statutory Loss Absorption Powers nor constitute a default by the Issuer for any purpose.

18 Contracts (Rights of Third Parties) Act 1999

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

19 Definitions

In these Conditions:

“**Additional Amounts**” has the meaning given to it in Condition 9;

“**Agency Agreement**” has the meaning given to it in the preamble to these Conditions;

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

“**Authorised Signatories**” means any two authorised signatories of the Issuer in accordance with the Trust Deed;

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

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

“**Capital Disqualification Event**” is deemed to have occurred if there is a change (which has occurred or which the Relevant Authority considers to be sufficiently certain) in the regulatory classification of the Notes which becomes effective after the Reference Date and that results, or would be likely to result, in some of or the entire principal amount of the Notes ceasing to be included in the Tier 2 Capital of the Issuer (to the extent that the Issuer is regulated for prudential purposes on an individual basis at the relevant time) or the Issuer Group (to the extent that the Issuer is regulated for prudential purposes on a consolidated basis at the relevant time) and for the avoidance of doubt, any amortisation of the Notes pursuant to Article 64 of the UK CRD Regulation shall not comprise a Capital Disqualification Event;

“**Certificates**” has the meaning given to it in Condition 1(a);

“**Conditions**” means these terms and conditions of the Notes, as amended from time to time;

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

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

“**Further Notes**” has the meaning given to it in Condition 15;

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

“**Initial Fixed Interest Rate**” has the meaning given to it in Condition 5(c);

“**Initial Fixed Rate Interest Period**” means the period from (and including) the Issue Date to (but excluding) the Reset Date;

“**Interest Payment Date**” means 9 January and 9 July in each year, starting on (and including) 9 July 2025;

“**Interest Period**” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date;

“**Interest Rate**” means the Initial Fixed Interest Rate and/or the Reset Rate of Interest, as the case may be;

“**Issue Date**” means 9 October 2024, being the date of the initial issue of the Notes;

“**Issuer Group**” means the Issuer and each entity (if any) which is part of the UK prudential consolidation group (as that term, or its successor, is used in the Regulatory Capital Requirements) of which the Issuer is part from time to time, if any;

“**Margin**” means 6.199 per cent.;

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

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

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

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

“**Qualifying Tier 2 Securities**” means securities issued directly or indirectly by the Issuer that:

- (a) have terms which are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an investment bank or financial adviser of international standing (which in either case is independent of the Issuer), and provided that a certificate to such effect (including as to such consultation) of two Authorised Signatories shall have been delivered to the Trustee (upon which the Trustee shall be entitled to rely without further enquiry and without liability to any person) prior to the issue or, as appropriate, variation of the relevant securities), and, subject thereto, which (i) contain terms which comply with the then current requirements of the Relevant Authority in relation to Tier 2 Capital; (ii) have the same principal amount as the principal amount of the Notes, include terms which provide for the same Interest Rate and Interest Payment Dates from time to time applying to the Notes and do not provide for interest cancellation or deferral; (iii) rank *pari passu* with the ranking of the Notes; (iv) preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; (v) preserve any existing rights under these Conditions to any accrued interest or other amounts which have not been paid; (vi) do not contain terms which provide for interest cancellation or deferral (provided that this paragraph (vi) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and (vii) do not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares (provided that this paragraph (vii) shall not preclude the inclusion of any provision analogous to Condition 17(c)); and
- (b) are (i) admitted to trading on the International Securities Market of the London Stock Exchange plc or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer and approved by the Trustee, such approval not to be unreasonably withheld or delayed;

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

“**Record Date**” has the meaning given to it in Condition 7(a)(ii);

“**Reference Date**” means the later of (i) the Issue Date and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to Condition 15;

“**Register**” has the meaning given to it in Condition 1(b);

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

“**Regulatory Capital Requirements**” means, at any time, any requirement or provision contained in the laws, regulations, requirements, guidelines and policies of the Relevant Authority (whether or not having the force of law) or of the United Kingdom relating to capital adequacy (whether on a risk-weighted, leverage or other basis), prudential supervision (including the requisite features of own funds instruments) and/or resolution (including any minimum requirement for own funds and eligible liabilities) and applicable to the Issuer and/or, as applicable, the Issuer Group;

“**Relevant Amounts**” means the outstanding principal amount of the Notes, together with any accrued but unpaid interest and Additional Amounts due on the Notes. References to such amounts will include amounts that have become due and payable, but which have not been paid, prior to the exercise of any UK Statutory Loss Absorption Powers by the Relevant Resolution Authority;

“**Relevant Authority**” means, at any time, the Prudential Regulation Authority or such other additional or successor authority having primary supervisory authority with respect to prudential and/or resolution matters concerning the Issuer and/or the Issuer Group at such time;

“**Relevant Date**” means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up, the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further surrender of the Certificate representing such Note being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such surrender, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

“**Relevant Jurisdiction**” means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and/or interest on the Notes;

“**Relevant Resolution Authority**” means the resolution authority with the ability to exercise any UK Statutory Loss Absorption Powers in relation to the Issuer and/or the Notes (being, as at the Issue Date, the Bank of England);

“**Reset Date**” means 9 January 2030;

“**Reset Determination Date**” means the day falling two Business Days prior to the Reset Date;

“**Reset Period**” means the period from and including the Reset Date to but excluding the Maturity Date;

“**Reset Rate of Interest**” has the meaning given to it in Condition 5(d);

“**Reset Reference Banks**” means five brokers of gilts and/or gilt-edged market makers selected by the Issuer;

“**Reset Reference Rate**” means in respect of the Reset Period, the percentage rate (rounded, if necessary, to three decimal places, with 0.0005 rounded upwards) determined by the Agent Bank on the basis of the Gilt Yield Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Agent Bank at approximately 11:00 a.m. (London time) on the Reset Determination Date. If at least four quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Rate will be the rounded arithmetic mean of the quotations provided. If only one quotation is provided, the Reset Reference Rate will be the rounded quotation provided, where:

“**Benchmark Gilt**” means, in respect of the Reset Period, such United Kingdom government security customarily used in the pricing of new issues and having a maturity date on or about the Maturity Date as the Issuer, on the advice of an investment bank of international repute or independent adviser of recognised standing and appropriate expertise, may determine to be appropriate (following any then-current guidance published by the International Capital Market Association at the relevant time, if applicable); and

“**Gilt Yield Quotations**” means, with respect to a Reset Reference Bank and the Reset Period, the arithmetic mean of the bid and offered yields (on a semi-annual compounding basis) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank;

“**Senior Creditors**” means (i) creditors of the Issuer who are unsubordinated creditors of the Issuer; and (ii) creditors of the Issuer whose claims are or are expressed to be subordinated to the claims of other creditors of the Issuer (other than those whose claims are in respect of obligations which constitute, or would but for any applicable limitation on the amount of such capital, constitute, Tier 1 Capital or Tier 2 Capital or whose claims rank or are expressed to rank *pari passu* with, or junior to, the claims of Holders in respect of the Notes);

“**Substitute Obligor**” has the meaning given to it in Condition 11(c);

“**Supervisory Permission**” means, in relation to any action, such notice, permission, consent, approval, non-objection and/or waiver as is required therefor under prevailing Regulatory Capital Requirements (if any);

“**Tax Event**” is deemed to have occurred if, as a result of a Tax Law Change:

- (i) in making any payments on the Notes, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts; or
- (ii) the Issuer is no longer, or will no longer be, entitled to claim a deduction in respect of any payments (or its corresponding funding costs as recognised in its financial statements) in respect of the Notes in computing its taxation liabilities or the amount, or value to the Issuer, of such deduction is, or would be, materially reduced; or
- (iii) the Notes are, or will be, prevented from being treated as loan relationships for United Kingdom tax purposes; or
- (iv) the Issuer is not, or will not be, able to have losses or deductions set against the profits or gains, or profits or gains offset by the losses or deductions, of companies with which it is or would otherwise be so grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the date of issue of the Notes or any similar system or systems having like effect as may from time to time exist); or
- (v) the Notes or any part thereof are treated as a derivative or an embedded derivative for United Kingdom tax purposes,

and, in any such case, the Issuer could not avoid the foregoing by taking measures reasonably available to it;

“**Tax Law Change**” means a change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, including any treaty to which such Relevant Jurisdiction is a party, or any change in the application of such laws by a decision of any court or tribunal that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes effective or in the case of a change in law, if such change is enacted by a UK Act of Parliament or by statutory instrument, on or after the Reference Date;

“**Tier 1 Capital**” has the meaning given to it (or any successor term) from time to time by the Relevant Authority;

“**Tier 2 Capital**” has the meaning given to it (or any successor term) from time to time by the Relevant Authority;

“**Transfer Agents**” has the meaning given to it in the preamble to these Conditions;

“**Trust Deed**” has the meaning given to it in the preamble to these Conditions;

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

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

“**UK Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements in effect in the UK, relating to (i) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks or other financial institutions, in each case as amended or replaced from time to time and (ii) the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period);

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

“**Winding-Up**” means:

- (i) an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation, the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or an Extraordinary Resolution and do not provide that the Notes thereby become redeemable or repayable in accordance with these Conditions);
- (ii) following the appointment of an administrator of the Issuer, an administrator gives notice that it intends to declare and distribute a dividend; or
- (iii) liquidation or dissolution of the Issuer or any procedure similar to that described in paragraph (i) or (ii) of this definition is commenced in respect of the Issuer, including any bank insolvency procedure or bank administration procedure pursuant to the Banking Act 2009.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

The following is a summary of the provisions to be contained in the Trust Deed and in the Global Certificate which will apply to, and in some cases modify the effect of, the Conditions while the Notes are represented by the Global Certificate:

Initial Issue of Certificates

The Global Certificate will be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”) and may be delivered on or prior to the original issue date of the Notes.

Upon the registration of the Global Certificate in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid.

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system (an “**Alternative Clearing System**”) as the holder of a Note represented by a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the holder of the Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Note for so long as the Notes are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the holder of the Global Certificate in respect of each amount so paid.

Exchange of the Global Certificate

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or any Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the Relevant Clearing System.

Transfers of the holding of Notes represented by the Global Certificate pursuant to Condition 2(a) may only be made in part:

- (i) if the Notes represented by the Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Notes when it is due and payable,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph (i) or (ii) above, the holder of the Notes represented by the Global Certificate has given the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such transfer. Where the holding of Notes represented by the Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to

transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

Calculation of Interest

For so long as all of the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, interest shall be calculated on the basis of the aggregate principal amount of the Notes represented by the Global Certificate, and not per Calculation Amount as provided in Condition 5.

Payments

All payments in respect of Notes represented by a Global Certificate will be made in pounds sterling to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which (notwithstanding Condition 7) shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

Notices

For so long as the Notes are represented by the Global Certificate and such Global Certificate is held on behalf of Euroclear and Clearstream, Luxembourg, notices may be given to the Holders by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to their respective accountholders in substitution for publication as required by the Conditions, provided that, for so long as the Notes are listed on the International Securities Market of the London Stock Exchange or on any other stock exchange, notices will also be given in accordance with any applicable requirements of such stock exchange. Any such notices delivered to the London Stock Exchange will also be published on the website of the London Stock Exchange for so long as its rules so require. Any notice shall be deemed to have been given on the date of delivery or publication which, in the case of communication through Euroclear and Clearstream, Luxembourg, shall mean the date on which the notice is delivered to Euroclear and Clearstream, Luxembourg.

Prescription

Claims against the Issuer in respect of any amounts payable in respect of the Notes represented by the Global Certificate will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date.

Meetings

For the purposes of any meeting of the Holders, the holder of the Notes represented by the Global Certificate shall be treated as being entitled to one vote in respect of each £1.00 in principal amount of the Notes.

Written Resolution and Electronic Consent

For so long as the Notes are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear and Clearstream, Luxembourg or an Alternative Clearing System, then, in respect of any resolution proposed by the Issuer or the Trustee:

- (i) where the terms of the proposed resolution have been notified to the Holders through the Relevant Clearing System(s), each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution proposed by the Issuer or the Trustee (as the case may be) given by way of electronic consents communicated through the electronic communications systems of the Relevant Clearing System(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75

per cent. in principal amount of the Notes outstanding (“**Electronic Consent**”). None of the Issuer or the Trustee shall be liable or responsible to anyone for such reliance; and

- (ii) where Electronic Consent is not being sought, for the purpose of determining whether a written resolution has been validly passed, the Issuer and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer and/or the Trustee, as the case may be, by (a) accountholders in the clearing system(s) with entitlements to such Global Certificate and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the “**Relevant Clearing System**”) and, in the case of (b) above, the Relevant Clearing System and the accountholder identified by the Relevant Clearing System for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the Relevant Clearing System (including Euroclear’s EUCLID/EasyWay or Clearstream, Luxembourg’s Xact Web Portal system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. Neither the Issuer nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

Euroclear and Clearstream, Luxembourg

References in the Global Certificate and this summary to Euroclear and Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved for the purposes of the Notes by the Trustee and the Registrar.

USE OF PROCEEDS

The Notes are being issued to optimise, strengthen and diversify the Issuer's sources of capital. The Issuer intends to apply the net proceeds from the issue of the Notes to support its planned business activities including any future growth.

DESCRIPTION OF OAKNORTH'S BUSINESS

The following information should be read in conjunction with the information appearing elsewhere in, or incorporated by reference in, this Information Memorandum.

OakNorth's mission and strategy

OakNorth is a UK-based digital bank which was founded to assist SMEs (the 'Missing Middle') with their financing needs. OakNorth seeks to provide SMEs in the UK with fast and flexible debt finance (loans from £1 million up to tens of millions), while also helping savers make their money go further via its award-winning savings platform.

OakNorth has been built with the capabilities to serve its clients through technology and data powered analytics that allow for informed lending decisions to be made about the status and potential of a business. OakNorth was the first bank in the UK to establish its core banking infrastructure in the cloud. OakNorth uses the ON Credit Intelligence Suite (which is owned by OakNorth's sister company OakNorth (UK) Limited and licensed to OakNorth for use), OakNorth's proprietary machine learning technology product that has over 20 macroeconomic and industry variables with customised scenarios and 274 industry forecast models. This product provides a granular forward-looking view of a borrower's financial position and assesses each company's circumstances with a granular sector and sub-sector analytical framework and also enables application of portfolio-wide stress testing, providing early warning indicators for at-risk loans. "ON Climate" – which is a part of ON Credit Intelligence Suite, further enables OakNorth to assess the impact of climate risks on its portfolio. The insights provided by ON Credit Intelligence Suite enables OakNorth to continue lending with confidence to support its clients through different phases of the credit cycle. OakNorth also shares these abovementioned insights with businesses themselves, to help drive positive outcomes and enable them to adapt and thrive regardless of the economic environment.

In addition to supporting its clients, OakNorth also seeks to help savers make their money go further. Since its launch, OakNorth has built an award-winning and technology-led savings platform with a convenient, non-complex and competitive offering that has attracted hundreds of thousands of customers.

Over the years OakNorth has demonstrated a track record of sustainable growth. Since its launch in September 2015, OakNorth has lent over £10.2 billion to its clients that has helped create or support over 47,000 jobs and 29,000 new homes. The loan book has grown at a compound annual growth rate ("CAGR") of 22 per cent., 15 per cent. and 24 per cent. over the past year, three years and five years respectively. The return on average equity has been 17 per cent., 16 per cent. and 17 per cent. for financial years ended 2023, 2022 and 2021 respectively.

Select financial metrics	2017	2018	2019	2020	2021	2022	2023
Loans and advances to customers ⁽¹⁾ (£bn).....	0.6	1.3	2.1	2.5	2.9	3.2	3.8
Profit Before Tax (£mn) ..	10.6	33.9	65.9	77.6	134.5	152.3	187.3
Net interest margin ⁽²⁾ %....	6.9	6.3	5.9	6.2	6.6	7.3	8.4

Notes:

- (1) Gross loan balances outstanding excluding expected credit loss provisions.
- (2) All net interest income and fees for OakNorth, including proportionate share of its subsidiary, stated as a percentage of average loan balances.

In the latter half of 2023, OakNorth commenced lending to businesses in the U.S., completing approximately \$200 million by 31 December 2023. During the period from July 2023 until June 2024, OakNorth had originated approximately \$400 million lending facilities in the U.S. In 2017, it achieved full year profitability within just two full years of its operations and its consolidated annual net profit before tax has grown from £10.6 million in 2017 to £187.3 million by 2023. As at 31 December 2023, OakNorth had £5.3 billion of loan facilities (which includes undrawn amounts), unencumbered high-quality liquid assets of £1.7 billion (comprising of £1.64 billion of cash held in the Bank of England’s reserve account and £0.03 billion of balances held in short term USD money market funds), deposit book of £4.6 billion (92 per cent. of which were protected under the FSCS) and £0.88 billion of total equity (which included £0.48 billion of retained earnings). As at 31 December 2023, 94 per cent. of the loan facilities were collateralised by security comprising of fixed assets (property). The residual loans were all secured by charges on floating assets and guarantees not supported by charges on fixed assets.

In spite of the high growth, OakNorth’s credit profile remains strong, driven by its data-focused approach, with defaults remaining low since inception of the business, and cumulative write-offs totalling £34 million up to 31 December 2023. Its ability to continue to grow, with limited defaults since inception, reflects its machine learning powered, approach to credit risk management combined with its manual and expert, active, partnership approach to decision-making and customer relationships.

Since 2018, OakNorth has had formal ESG commitments in place. The OakNorth wider group has committed to donate 1 per cent. of OakNorth wider group net profits to support charitable causes and socially minded enterprises around the world. In 2022, the OakNorth wider group (including OakNorth) introduced the 1 per cent. + 1 per cent. initiative, which builds on the OakNorth group’s charitable commitments by allowing the employees of the wider group to devote 1 per cent. of their working time to do voluntary work in their communities and/or for environmental causes. In relation to its environmental commitments, since 2019 OakNorth has been offsetting its Scope 1 and 2 emissions (calculated based on the methodologies as prescribed under the Greenhouse Gas Protocol (GHG Protocol), which are not subject to external audit). In June 2021, OakNorth became one of the first fintechs to join Tech Zero, the climate action group for tech companies, and has committed to continue to measure and publish its Scope 1, 2 and 3 emissions, and set the ambitious target of achieving net zero by 2035 for all of its emissions, including Scope 3 from its supply chain and lending activity. OakNorth supports numerous businesses that have strong ESG credentials in their respective industries and is working with its borrowers to develop credible plans to transition to net zero together as it continues to embed a climate risk management framework throughout its business operations.

OakNorth’s strategic focus is to customise for the hyper-specific needs of its customers – which includes both its lending and deposit customers. OakNorth operates with a tech-first mindset and focusses on implementing technologies and automated workflows to enhance customer journey and experience, improve operational efficiencies and resilience, build scalability, and maintain the highest standards of risk management controls. It continues to make significant investments in technology platforms to continually enhance customer and user experience and launch new products and services.

OakNorth has a track record of supplementing its organic growth with a disciplined approach to acquisitions where doing so achieves a specific goal that would either not be possible organically or would take considerable time and investment. In 2021, the wider OakNorth group acquired Fluidly Limited which materially accelerated OakNorth’s plans to develop its group tech and product talent. In 2022, OakNorth acquired a majority stake in the property-lending specialist, A.S.K. Partners Limited (“**A.S.K.**”), which was a long-standing partner of OakNorth having collaborated on numerous financing transactions with OakNorth providing senior financing and A.S.K. leveraging its network of investors to provide mezzanine financing. OakNorth intends to maintain this selective approach to acquisitions as it looks to expand its product offering and geographic footprint.

Given the challenges and uncertainty in the global political and economic environment, OakNorth continues to apply a cautious approach to lending and utilising ON Credit Intelligence Suite for both underwriting and credit

risk management of its loan book (the data enhances OakNorth's expert manual decisioning, i.e. decisions are not automated); focusing on robust risk management practices and maintaining high quality surplus liquidity and Common Equity Tier 1 capital resources to support its growth ambitions and enable it to withstand severe stresses.

OakNorth is led by an experienced executive leadership team and Board and supported by an advisory board, representing a diverse group of senior individuals with business and governance expertise who have been through numerous economic cycles. OakNorth has a set of values that help guide the way it works and keep it accountable and on the right path towards its 'Mission' of helping their clients with their financing or saving needs. Its leadership team and the Board take the lead in establishing a robust risk management culture and are committed to setting the tone for the culture of the organisation.

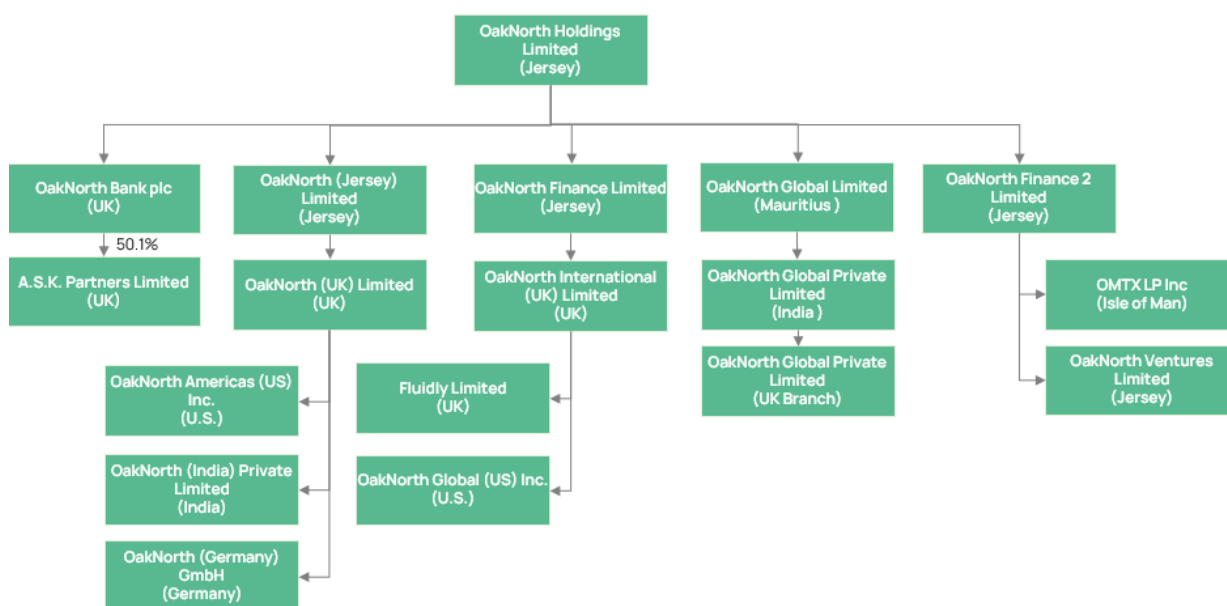
Corporate and group information

OakNorth was incorporated on 3 July 2013, with registered number 08595042. OakNorth is authorised by the PRA and regulated by the PRA and the FCA (firm reference number 629564). The registered address of OakNorth is 57 Broadwick Street, Soho, London W1F 9QS. OakNorth has offices in London and Manchester as well as regional hubs in Bristol, Birmingham, Leeds, Newcastle, and East Anglia. On 25 April 2018, OakNorth re-registered as a public limited company (previously OakNorth Bank Limited). The Issuer's Legal Entity Identifier (LEI) code is 213800A7BOPQRC475O81. OakNorth is a fully owned subsidiary of OakNorth Holdings Limited, Jersey with its registered office at Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW.

Acquisitions: In October 2022, OakNorth acquired 50.1 per cent. stake in A.S.K. A.S.K.'s company registration number is 10419810 and is registered with the FCA with firm reference number 830331. A.S.K. has regulatory permissions to carry out certain business activities. A.S.K. is a UK-based fintech founded in 2016, that has enabled over £1 billion of lending through its platform, with funding from a network of over 300 family offices, high net worth individuals and institutional partners. OakNorth partnered with them over several years, bringing together comprehensive lending solutions for its clients. The acquisition contributed £1.2 million of post-tax income to the consolidated financials in 2022 and £2.1 million in 2023 after deducting non-controlling interest.

Prudential consolidation status of A.S.K.: A.S.K. has been included in the scope of prudential consolidation with OakNorth effective June 2024. Prior to this period, it was excluded from prudential consolidation in accordance with the terms of Article 19(1) of UK CRR. Therefore, all capital and liquidity ratio and requirements detailed in this document for periods commencing June 2024 are in respect of the Group (which includes OakNorth and A.S.K.), and only for the standalone Issuer entity OakNorth for all reporting periods prior to June 2024.

The OakNorth group corporate structure is set out below. OakNorth is supported in its operations by its sister companies – OakNorth Global Private Limited and OakNorth (UK) Limited. They are a part of the group structure, and the Issuer has no direct control over the two entities.



Consolidated financial information and key metrics

The following table summarises certain financial information in respect of underlying results and key performance metrics for financial years ended 2023 and 2022.

Underlying results	Year ended 31-Dec-23	Year ended 31-Dec-22
	<i>(£mn)</i>	
Net interest and Fee income	296.8	221.1
Operating expenses.....	(84.4)	(58.0)
Provision for impairment losses	(25.1)	(10.8)
Profit before tax	187.3	152.3
Profit after tax.....	138.5	113.3
Profit attributable to:		
Holders of ordinary shares of the OakNorth	136.4	112.1
Non-Controlling Interest.....	2.1	1.2
	As of 31-Dec-23	As of 31-Dec-22
Key metrics (Unaudited)		
Loan book volume and credit measures as at 31 December		
Total Facilities (£mn) ⁽¹⁾	5,256	4,598
Loans and advances to customers (£mn) ⁽²⁾	3,848	3,151
% of loans collateralised ⁽³⁾	94%	94%
Net leverage on cash-flow based business trading loans (non-collateralised) ⁽⁴⁾	1.28x	1.29x

% loan to value (“LTV”) of property backed loans ⁽⁵⁾	52%	52%
ECL allowance coverage (%) ⁽⁶⁾	0.8%	0.7%
Key performance measures⁽⁷⁾ for the year ended		
Net Interest Margin (%) ⁽⁸⁾	8.4%	7.3%
Efficiency ratio (%) ⁽⁹⁾	28%	26%
Return on average equity (%) ⁽¹⁰⁾	17%	16%
Capital, leverage, and liquidity measures as at 31 December		
Total capital ratio (%) ⁽¹¹⁾	19.3%	20.1%
Common equity Tier 1 ratio (%) ⁽¹²⁾	18.6%	18.7%
Leverage Ratio (%) ⁽¹³⁾	14.0%	14.5%
High-quality liquid assets (£mn) ⁽¹⁴⁾	1,669	1,236
Customer ‘fly-wheel’ effect measures for the year ended (Non-financial metrics)		
New lending originated via referrals or by OakNorth directly ⁽¹⁵⁾	>80%	>80%
New lending to existing customers ⁽¹⁶⁾	>30%	>20%

Notes:

- (1) Includes all facilities (committed and uncommitted).
- (2) Gross loan balances outstanding.
- (3) Total (committed and uncommitted) facility amount of collateral backed loans as a percentage of total (committed and uncommitted) facility amounts in the loan book.
- (4) Borrower leverage on cash flow based business trading where leverage covenant is tested.
- (5) Total (committed and uncommitted) facility amount of property backed loans as a percentage of the value of the underlying collateral.
- (6) On balance sheet ECL allowance as a percentage of gross loans outstanding.
- (7) These metrics are profitability, cost efficiency and return on equity measures. These are stated on a consolidated basis for OakNorth and its subsidiary A.S.K..
- (8) All net interest income and fees for OakNorth, including proportionate share of A.S.K, stated as a percentage of average loan balances.
- (9) Operating expenses expressed as a percentage of operating income.
- (10) Net income attributable to ordinary shareholders expressed as a percentage of average equity capital excluding minority interest.
- (11) Regulatory capital expressed as a percentage of risk weighted assets. Details are available as part of separately published Pillar 3 disclosures. The ratios are presented for OakNorth only as A.S.K. was not subject to regulatory consolidation in 2023.
- (12) Regulatory common equity Tier 1 capital expressed as a percentage of risk weighted assets. Details are available as part of separately published Pillar 3 disclosures. The ratios are presented for OakNorth only as A.S.K was not subject to regulatory consolidation in 2023.
- (13) Regulatory Tier 1 capital expressed as a percentage of balance sheet and off-balance sheet exposures as measured under EBA guidelines. Details are available as part of separately published Pillar 3 disclosures. The ratios are presented for OakNorth only as A.S.K was not subject to regulatory consolidation in 2023.

- (14) Unencumbered cash balances held at Bank of England, unencumbered Gilts and balances held in short term USD money market funds. The information is presented for OakNorth only as A.S.K. was not subject to regulatory consolidation in 2023.
- (15) New lending facilities extended during the relevant year which have not been originated via introducers or intermediaries where OakNorth may pay referral or introducer fees.
- (16) New lending facilities extended to existing customers during the relevant year. This metric is restated to exclude referrals by existing customers. New lending to existing customers and via referrals by existing customers remained >40% for both 2022 and 2023 as published in the prior years.

In 2023, OakNorth continued to support the UK's 'Missing Middle', providing over £1.7 billion of gross new lending facilities during the year whilst maintaining a cautious approach to lending. The total drawn loan book increased to £3.8 billion as at 31 December 2023, from £3.2 billion as at 31 December 2022, whilst total facilities lent grew to £5.3 billion as at 31 December 2023 (2022: £4.6 billion). With OakNorth's strong customer-led focus, the deposit book grew to £4.6 billion as at 31 December 2023, from £3.6 billion as at 31 December 2022. The customer loan to deposit ratio was 82 per cent. (2022: 87 per cent.). During the financial year ended 31 December 2023, the capital and liquidity position remained strong. The risk weighted assets ("RWA") increased broadly in line with the growth in the balance sheet.

During 2023, the operating income grew by 34 per cent. to £296.8 million driven by improvement in the net interest margin. A.S.K.'s business performance continued to be strong, contributing to £2.1 million of post-tax income after deducting non-controlling interests.

ECL provisions charge for the 2023 year increased to £25.1 million compared to £10.8 million in the prior year, reflecting both the growth in the loan book as well as the impact of deterioration in the economic environment due to high interest rates, high inflation and slowdown in economic activity (see "*Risk Factors – Risks related to OakNorth's business – Macro-economic and geopolitical risk – OakNorth's business and financial performance is influenced by macro-economic factors impacting the UK and the U.S. economies, volatility in the geopolitical landscape, and global economic and financial markets generally*" above).

Increased investments into product and tech functions resulted in a marginal increase in the efficiency ratio to 28 per cent. in 2023 (2022: 26 per cent.). A large part of this investment was associated with building new capabilities to provide an ecosystem of digital services to the 'Missing Middle'.

For further information, please refer to the 2023 Annual Report, – Strategic report on pages 15 to 21 (see "*Documents Incorporated by Reference*").

Products and operations

Lending

OakNorth provides SMEs with fast and flexible debt finance (loans from £1 million up to tens of millions), while also helping savers make their money go further via its award-winning savings platform. It invests in understanding the business of the borrower, keeps them updated in every step of the process (and for loans above a certain size, borrowers are also invited to meet the credit committee) and typically provides funding within weeks. Its core lending products fall into two categories:

- Cash-flow-based business trading loans to businesses, typically for growth, working capital, M&A, management buy-outs, etc.; and
- Property Finance, which includes finance of property development, refurbishment, and property investment

Through these products, OakNorth supports businesses in a diverse and carefully selected range of market sub-segments. OakNorth uses a granular approach in evaluating credit risks and monitoring these subsegments on an ongoing basis through sophisticated stress testing.

OakNorth sources its lending customers directly as well as through referrals from existing borrowers, targeted marketing and partnering with brokers, accountants' corporate advisers and specialist lenders. Its existing borrowers continue to be its best advocates. In 2023, over 80 per cent. of its new lending originated via referrals or by OakNorth directly. New lending to existing customers accounted for over 30 per cent. of OakNorth's new lending.

During 2023, OakNorth entered the US market on a pilot basis, leveraging its analytics-based approach and as at 31 December 2023, it had originated \$0.24 billion of lending facilities. The credit quality of this book is strong, with senior secured positions and less than 45 per cent. average LTV.

As of 31 December 2023, 94 per cent. of OakNorth's loan book was collateralised (2022: 94 per cent.) with a conservative average LTV of 50 per cent. The average LTV of the property backed book was 52 per cent. The net leverage on the non-collateralised loans was 1.28x. 96 per cent. of OakNorth's exposure was in the UK (2022: 100 per cent.) and 4 per cent. in the US (2022: nil). The product, sector, geographic and LTV composition of the loan book based on facilities outstanding as at 31 December 2023 is summarised below:

Product categories	As at 31-Dec-23
Investment real estate.....	19%
Development and Refurbishment real estate	26%
Transitional real estate ⁽¹⁾	11%
Business loans.....	44%

Note:

- (1) Transitional real estate example includes the following loans secured against real estate collateral which has one the following characteristics: (1) existing planning permission, but which is proposed to be changed to an alternative planning purpose; (2) approved revised planning permission, but awaiting an approved client strategy to establish a refurbishment or development plan; or (3) land loans with residential planning in place. The majority of loans are existing commercial real estate which are being transitioned to either residential, retirement living, student accommodation or hotels.

Sector categories⁽¹⁾	As at 31-Dec-23
Residential real estate	31%
Commercial real estate.....	25%
Trading loans	44%

Note:

- (1) All real estate categories were 100% collateralised. Trading loans were 85% collateralised.

Geographic distribution	As at 31-Dec-23
London	39%
South of England	18%
North & Midlands	19%
National multi-site	20%
Total UK	96%
U.S	4%

LTV distribution of collateralised facilities⁽¹⁾⁽²⁾	As at 31-Dec-23
<25%	1%
25%-40%	14%
40%-50%	34%
50%-60%	35%
60%-65%	10%
65%-70%	5%
70%-75%	1%

Notes:

- (1) Excludes loans in default.
- (2) Average LTV of the collateralised loan book was 50 per cent. as of December 2023. Average LTV of the property backed book was 52 per cent. as of December 2023.

The staging classification of the drawn loan book was as set out below. High inflation, the cost-of-living crisis, and a high-interest rate environment continued to impact UK households and businesses and business sentiments. These factors, combined with adoption of a more conservative approach (year over year) to staging and seasoning of OakNorth's loan portfolio, resulted in an increase in the Stage 2 loans as at 31 December 2023, as compared to the prior year.

	As of 31 December 2023			As of 31 December 2022		
	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on- balance sheet exposures	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on- balance sheet exposures
	<i>(£mn)</i>		<i>%</i>	<i>(£mn)</i>		<i>%</i>
Stage 1	3,398	13.3	0.4%	2,991	13.3	0.4%
Stage 2	358	5.1	1.4%	65	2.5	3.9%

	As of 31 December 2023			As of 31 December 2022		
	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on- balance sheet exposures	On balance sheet- Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on- balance sheet exposures
	(£mn)		%	(£mn)		%
Stage 3.....	91	12.2	13.4%	95	7.7	8.1%
Total.....	3,847	30.6	0.8%	3,151	23.5	0.7%

Notes:

- Financial instruments that are not credit impaired at initial recognition are classified as ‘Stage 1’, Financial instruments where there is significant increase in the credit risk are classified as ‘Stage 2’ and Financial instruments that are deemed credit-impaired are classified as Stage 3. Instruments in Stage 1 have ECL measured for next 12 months. The ECL for Stage 2 &3 accounts is measured on a lifetime basis.
- The above balances are for OakNorth on a standalone basis and do not include A.S.K. The total loans and advances of A.S.K. were not material as at the above reporting periods (2023: £2 million; 2022: £1 million).

The assessment of the loan book for the impact of climate transition risks (impact of low-carbon policy and technological transition towards mitigating climate change) using the ON Climate solution (part of ON Credit Intelligence Suite) for 2023 concluded that while climate risk will have an impact on several borrowers, this is well within the collateral and financial coverage already in place for nearly all instances. Only 0.5 per cent. of OakNorth’s total book – which equates to a few borrowers – are directly impacted under the transitional risk assessment, and these can survive across all three scenarios with minimal impact compared to base case. There are no material expected losses across the loan book under any of the three ‘Climate Biennial Exploratory Scenario (CBES)’ transition scenarios that include: (i) early action from 2021 (1.8°C risk in temperature by 2050), (ii) late action from 2031 (1.8°C risk in temperature by 2050), and (iii) no additional action (3.3°C risk in temperature by 2050). This is also supported by the maturity duration of OakNorth’s loan book which is largely within five years. In relation to physical climate risk, no material losses are expected under the current scenarios. OakNorth also ensures that borrowers are sufficiently covered with insurance against physical climate risks wherever relevant as part of its origination analysis of new lending as well as in-life portfolio management.

For further information, please refer to the following sections of the 2023 Annual Report: Strategic report on pages 15 to 21, Risk Management Framework and risk review – “Credit Risk” on pages 50 to 61, Environment, and social and governance review – Environment (the pages numbers for which are set out in full in the section titled “Documents Incorporated by Reference”).

Savings

OakNorth primarily offers its savings products to retail customers in the UK. For business customers, it offers both business current accounts and savings products. OakNorth has built an award-winning technology-led savings platform to offer customer-friendly, flexible products designed to meet the varied needs of its customers. OakNorth offers digital-only, non-complex and FSCS-protected deposit products that are accessible via its mobile app or online. It leverages open banking solutions to enable its deposit customers to transfer funds.

OakNorth also offers certain savings products via deposit partnerships with other fintechs and savings specialists. It also attracts savers via targeted marketing and providing information on its products on price comparison websites.

The savings products include – Fixed Term Savings Accounts, Notice Savings Accounts, Easy Access Savings Accounts (next-day access), Fixed Rate Cash ISAs Easy Access Cash ISAs (next-day access), Business Savings and Business Current Accounts.

OakNorth offers competitive interest rates across all its deposits. The deposits are protected under the FSCS up to £85,000 (limit applicable as at the date of publication of this Information Memorandum).

As of 31 December 2023, of OakNorth’s £4.6 billion deposits, 72 per cent. of the total deposits were raised directly by OakNorth (non-partner channels, including re-investment from existing customers) and 28 per cent. of the total deposits were partner deposits. Term deposit products (comprising of fixed term deposits, fixed rate ISAs and notice accounts) comprised 79 per cent. of the deposit book and funded over 95 per cent. of drawn loan book. The split of the book by product was as summarised below. The Business Current Account balances were not material.

Product categories	As at 31-Dec-23	As at 31-Dec-22
Easy Access (including Easy Access ISA) and Business Savings	21%	10%
Fixed Rate ISA	10%	22%
Notice Accounts	18%	30%
Fixed Term Deposits	51%	38%

Wholesale funding

OakNorth is primarily funded by UK sterling retail savings deposits and currently has limited wholesale funding.

As of 31 December 2023, OakNorth had drawn £200.0 million under the TFSME, which was collateralised against UK gilts & Treasury Bills portfolio of £205.9 million (2022: £204.0 million). The TFSME expires in October 2025.

In December 2023, to optimise its capital structure, OakNorth issued 10-year £30.0 million Tier 2 subordinated notes. The notes are callable at the option of OakNorth in December 2028 and mature in December 2034.

To fund its U.S. lending and to hedge USD currency risk, during 2023, OakNorth entered into GBP/ USD CCIRS with various banking counterparties. The notional value of the CCIRS as at 31 December 2023 was £161.7 million. It also raised a small amount of USD borrowings from other companies in the wider OakNorth group (£11.9 million).

Operations

OakNorth has a cloud-based IT and cyber-security infrastructure. It has offices in London and Manchester and regional hubs in in Bristol, Birmingham, Leeds, East Anglia and Scotland. In August 2024, OakNorth was granted authorisation from the Federal Reserve and the New York State Department of Financial Services to set up representative office in New York the U.S. Its operations are supported by its sister company in India – OakNorth Global Private Limited, with offices in Gurugram, Bengaluru and Hyderabad. It operates a hybrid work environment.

Capital, Liquidity, FX and Interest rate risk management

OakNorth is subject to capital and liquidity regulations as detailed in UK CRD V and UK CRR.

OakNorth uses the Standardised Approach for calculating capital requirements for credit risk and the ‘Basic Indicator Approach’ for calculating operational risk Pillar 1 requirements. In addition to the Pillar 1 capital requirements, institutions are also subject to Pillar 2 capital requirements. This includes Pillar 2A (which is intended to take account of risks which are not adequately covered by Pillar 1 calculations) and Pillar 2B (which is intended to take account of risks, including those to which institutions may become exposed over a forward-looking planning horizon). The level of capital required to be maintained by institutions under Pillar 2 is subject to ongoing review by the PRA. The total capital requirement (TCR) as set by the PRA, which is defined as the amount and quality of capital a firm is required to maintain to comply with the Pillar 1 and Pillar 2A capital requirements, was 10.91 per cent. for OakNorth as at 31 December 2023 (2022: 10.91 per cent.). Additionally, OakNorth is required to hold capital buffers under Pillar 2B. As at 31 December 2023, the CCyB rate was 2 per cent. for UK exposures and 0 per cent. for non UK exposures. The weighted CCyB for OakNorth was 1.91 per cent. as at 31 December 2023 (2022: 1 per cent.). The capital conservation buffer (CCB) was 2.5 per cent. (2022: 2.5 per cent.). OakNorth is not subject to minimum leverage ratio requirements. However, it manages its leverage ratio in line with the over-all capital requirements and ensures that the ratio is well above the minimum leverage ratio requirements.

OakNorth’s Tier 1 capital resources include ordinary share capital, Fair Value through Other Comprehensive Income (FVOCI) revaluation reserve, Employee Share Scheme valuation reserves and retained earnings (including any interim verified profits), with deductions for any dividends declared and other items prescribed in the regulations (e.g. intangible assets, deferred tax balances, etc.). Cash flow hedge reserve does not form a part of OakNorth’s regulatory capital. Tier 2 capital includes subordinated debt issued by OakNorth.

Key metrics – capital	As of 31- Dec-23	As of 31- Dec-22
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital (£mn)	853.5	720.0
Tier 1 capital (£mn)	853.5	720.0
Total capital (£mn)	883.5	770.0
Risk-weighted exposure amounts		
Total risk-weighted exposure amount (£mn).....	4,577	3,840
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%).....	18.6%	18.7%
Tier 1 ratio (%)	18.6%	18.7%
Total capital ratio (%).....	19.3%	20.1%
Total capital requirement (including buffers) (%).....	15.3%	14.4%
Leverage ratio		
Leverage ratio total exposure measure including claims on central banks (£mn)	6,101	4,955
Leverage ratio including claims on central banks (%)	14.0%	14.5%

During 2023, OakNorth’s profitability continued to add to its available CET1 capital resources. The increase in the RWA was broadly in line with the growth of the balance sheet.

OakNorth redeemed £50.0 million subordinated notes which were issued in 2018. In December 2023, OakNorth issued 10-year £30.0 million subordinated notes. The notes are callable at the option of OakNorth in December

2028 and mature in December 2034. The instrument is non-convertible and there are no contractual write-down features.

Further information in relation to Capital Risk Management is provided in the 2023 Annual Report on pages 61 to 62 and in the Issuer’s Pillar 3 disclosures for the year ended 31 December 2023 (see “*Documents Incorporated by Reference*”).

As at 31 December 2023, OakNorth’s unencumbered high quality liquid assets included £1,637.3 million of cash at Bank of England reserve account (2022: £1,235.7 million) and £31.8 million held in short term highly liquid USD money market funds (2022: nil). Throughout the year, OakNorth complied with all the regulatory liquidity measures and continued to maintain surplus over the requirements. The average Liquidity Coverage Ratio (“**LCR**”) during the year was 365 per cent. (2022: 383 per cent.) and the Net Stable Funding Ratio (“**NSFR**”) was 161 per cent. (2022: 154 per cent.).

During the year OakNorth commenced a USD lending pilot in the US market and as part of the funding strategy, entered into cross currency interest rate swaps (CCIRS), swapping GBP funding to USD. OakNorth’s USD denominated balances primarily comprised £145.5 million of drawn loans, £31.8 million of money market funds and £0.8 million of cash at other banks. As at 31 December 2023, the CCIRS were designated as fair value hedges with foreign currency as hedged risk and underlying hedged items being the USD loans and the investments in USD money market funds.

Further information in relation to Liquidity & FX Risk Management is provided in the 2023 Annual Report on page 63 and in the Issuer’s Pillar 3 disclosures for the year ended 31 December 2023 (see “*Documents Incorporated by Reference*”).

The primary assessment of the interest rate risk exposure at OakNorth is done through measurement of EVE sensitivities. During 2023, OakNorth made methodology enhancements to its EVE models, to account for changes in the business. It continuously reviews and develops its interest rate risk in the banking book (IRBB) models.

Sensitivity	As at 31 Dec 2023	As at 31 Dec 2022
	(£mn)	
NPV Sensitivity to +2 per cent. shift (including reference rate floors).....	26.2	20.2
NPV Sensitivity to -2 per cent. shift (including reference rate floors).....	18.3	(3.7)

As at 31 December 2023, OakNorth held £205.9 million of investments in UK gilts and Treasury bills and £31.8 million in US Money Market funds at mark to market (“**MTM**”) through Other Comprehensive Income (“**OCI**”). The net mark to market through OCI for these investments was £56,000 as at 31 December 2023 (2022: £24,000). The residual maturity of these investments is within three months. As an approach, OakNorth holds only a limited portfolio of short duration investments primarily for liquidity and collateral management purposes and does not invest in long-dated investments or securities.

Further information in relation to Interest Rate Risk Management is provided in the 2023 Annual Report on pages 62 to 63 and in the Issuer’s Pillar 3 disclosures for the year ended 31 December 2023 (see “*Documents Incorporated by Reference*”).

H1-2024 updates and recent developments

H1-2024 results update

All metrics below are stated on a consolidated basis for the Group, except that capital, leverage, and liquidity measures are stated on a consolidated basis as of 30 June 2024 only. For further details please see the section titled “Prudential consolidation status of A.S.K.”.

The H1-2024 and comparative H1-2023 financial metrics stated herein are based on non-statutory interim financial information of OakNorth.

Underlying results	6 months ended 30-Jun-24	6 months ended 30-Jun-23
	(£mn)	
Net interest and Fee income	154.1	145.2
Operating expenses.....	(48.8)	(37.0)
Provision for impairment losses	(0.7)	(11.4)
Profit before tax	104.7	96.7
Profit after tax	76.8	71.7
Profit attributable to:		
Holders of ordinary shares of the OakNorth	76.2	70.6
Non-Controlling Interest.....	0.6	1.2
Dividends declared	20.0	—
Key balance sheet line items	As of 30-Jun-24	As of 31-Dec-23
	(£mn)	
Cash and balances at central bank	2,237	1,637
Loans and advances to customers.....	4,227	3,817
Investment securities	335	238
Total assets	6,916	5,811
Customer deposits.....	5,666	4,639
Borrowings under BoE Term funding scheme	203	203
Tier 2 subordinated debt.....	31	30
Total liabilities	5,958	4,926
Called up share capital.....	389	389
Retained earnings	564	488
Non-controlling interests	6	6
Total equity	958	885

Key metrics	6 months ended 30-Jun-24	6 months ended 30-Jun-23
Key performance measures⁽¹⁾ for the period		
Net Interest Margin (%) ⁽²⁾	7.5%	8.6%
Efficiency ratio (%) ⁽³⁾	32%	25%
Return on required equity (%) ⁽⁴⁾	21%	25%
Return on average equity (%) ⁽⁵⁾	17%	18%
Loan book volume and credit measures		
Total Facilities (£mn) ⁽⁶⁾	5,627	5,256
Loans and advances to customers (£mn) ⁽⁷⁾	4,258	3,848
% of loans collateralised ⁽⁸⁾	93%	94%
Net leverage on cash-flow based business trading loans (non-collateralised) ⁽⁹⁾	1.55x	1.28x
% LTV of property backed loans ⁽¹⁰⁾	52%	52%
ECL allowance coverage (%) ⁽¹¹⁾	0.7%	0.8%
Capital, leverage, and liquidity measures⁽¹²⁾		
Total capital ratio (%) ⁽¹³⁾	18.3%	19.3%
Common equity Tier 1 ratio (%) ⁽¹⁴⁾	17.7%	18.6%
Leverage Ratio (%) ⁽¹⁵⁾	12.7%	14.0%
High-quality liquid assets (£mn) ⁽¹⁶⁾	2,237	1,669

Notes:

- (1) These metrics are profitability, cost efficiency and return on equity measures.
- (2) All net interest income and fees for OakNorth, including proportionate share of A.S.K., stated as a percentage of average loan balances. This is presented on an annualised basis for the 6 month results.
- (3) 6 month total operating expenses expressed as a percentage of total operating income.
- (4) Net income attributable to ordinary shareholders expressed as a percentage of average regulatory equity capital required (total regulatory capital requirement less Tier 2 capital). This is presented on an annualised basis for the 6 month results.
- (5) Net income attributable to ordinary shareholders expressed as a percentage of average equity capital excluding minority interest. This is presented on an annualised basis for the 6 month results.
- (6) Includes all facilities (committed and uncommitted).
- (7) Gross loan balances outstanding excluding provisions. Includes loans and advances of A.S.K. of £2 million as at 30 June 2024 and £1 million as at 31 December 2023.
- (8) Total (committed and uncommitted) facility amount of collateral backed loans as a percentage of total (committed and uncommitted) facility amounts in the loan book.
- (9) Borrower leverage on cash flow based business trading where leverage covenant is tested.
- (10) Total (committed and uncommitted) facility amount of property backed loans as a percentage of the value of the underlying collateral.
- (11) On balance sheet ECL allowance as a percentage of gross loans outstanding.

- (12) Metrics are presented for OakNorth (including A.S.K.) as of 30 June 2024 and presented for OakNorth on a standalone basis as of 31 December 2023. A.S.K. was subject to regulatory consolidation with OakNorth effective June 2024.
- (13) Regulatory capital expressed as a percentage of risk weighted assets
- (14) Regulatory common equity Tier 1 capital expressed as a percentage of RWA.
- (15) Regulatory Tier 1 capital expressed as a percentage of balance sheet and off-balance sheet exposures as measured under UK CRD and CRR guidelines. This is stated including central bank assets.
- (16) Includes unencumbered cash balances held at Bank of England and balances held in short term USD money market funds as at 31 December 2023. Includes only unencumbered cash balances held at Bank of England as at 30 June 2024. Data is presented for OakNorth only as A.S.K. does not have any eligible high quality liquid assets.

In the six months ended 30 June 2024, the strong loan book growth momentum continued with both facilities and the drawn book increasing by £0.4 billion from 31 December 2023 to £5.6 billion and £4.3 billion respectively as at 30 June 2024. The gross facilities originated during the six months ended 30 June 2024 were £0.8 billion. The U.S. loan book increased to \$0.37 billion of facilities and \$0.26 billion drawn book from \$0.24 billion and \$0.18 billion respectively as at 31 December 2023. 95 per cent. of OakNorth's exposure was in the UK (31 December 2023: 96 per cent.) and 5 per cent. in the US (31 December 2023: 4 per cent.). There was no change to OakNorth's loan origination strategy. The majority of new lending continues to be originated via referrals or by OakNorth directly. There were no material changes to the product, sector, geographical and LTV composition as at 30 June 2024:

Product categories	As at 30-June-24	As at 31-Dec-23
Investment real estate	19%	19%
Development and Refurbishment real estate	24%	26%
Transitional real estate	11%	11%
Business loans.....	46%	44%

Sector categories ⁽¹⁾	As at 30-June-24	As at 31-Dec-23
Residential real estate	31%	31%
Commercial real estate	23%	25%
Trading loans	46%	44%

Note:

- (1) All real estate categories were 100% collateralised. Trading loans were 85% collateralised.

Geographic distribution	As at 30-June-24	As at 31-Dec-23
London.....	38%	39%
South of England	17%	18%
North & Midlands.....	17%	19%
National multi-site	23%	20%
Total UK	95%	96%

Geographic distribution	As at 30-June-24	As at 31-Dec-23
U.S.....	5%	4%

LTV distribution of collateralised facilities⁽¹⁾⁽²⁾	As at 30-June-24	As at 31-Dec-23
<25%.....	1%	1%
25%-40%	11%	14%
40%-50%	36%	34%
50%-60%	32%	35%
60%-65%	15%	10%
65%-70%	3%	5%
70%-75%	2%	1%

Notes:

- (1) Excludes loans in default
- (2) Average LTV of the collateralised loan book was 51 per cent. as of June 2024 (December 2023: 50 per cent.).
Average LTV of the property backed book was 51 per cent. as of June 2024 (December 2023: 52 per cent.)

The 2024 profit before tax for the period ended 30 June 2024 grew by 8 per cent. to £104.7 million as compared to the six months ended 30 June 2023. The net interest margins were higher in the six months ended 30 June 2023 primarily due to higher impact of deposit pricing tailwinds as compared to the current year. On a standalone basis (i.e. excluding A.S.K), OakNorth's net interest and fee income increased to £148.0 million in the six months ended 30 June 2024 compared to £139.2 million in the six months ended 30 June 2023. The standalone net interest margin reduced to 7.4 per cent. from 8.5 per cent. for the respective reporting periods. The deposit pricing tailwinds during the six months ended 30 June 2023 contributed 0.8 per cent. to the overall net interest margin, therefore excluding this impact the six months ended 30 June 2023 net interest margin was 7.7 per cent. Operating expenses were higher in the six months ended 30 June 2024 as compared to the prior year due to scale up of strategic investments in development of transaction banking platform later during 2023. On a standalone basis (i.e. excluding A.S.K), OakNorth's operating expenses increased to £44.2 million in the six months ended 30 June 2024 compared to £34.1 million in the six months ended 30 June 2023, of which £5.9 million and £2.6 million pertained to investments in initiatives such as transaction banking, U.S. lending and other digitisation initiatives, for the respective reporting periods. The cost to loans ratio excluding transaction banking investments for OakNorth on a standalone basis, remained stable at 2 per cent. There were no material provisions for impairment losses recorded in the six months ended 30 June 2024, which was in line with expectations that macro-induced portfolio quality impacts have stabilised.

The asset quality remained stable and there were no material changes in H1-2024 as compared to the position as at 31 December 2023. ECL coverage marginally reduced in line with improvements in the macroeconomic outlook. The cumulative write-offs since inception of the business as of 30 June 2024 were £36 million (31 December 2023: £34 million). OakNorth continues to exercise a cautious approach to lending and conducts stress tests on its loan book under severe forward-looking macroeconomic scenarios.

	As of 30 June 2024			As of 31 December 2023		
	On balance sheet-Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on-balance sheet exposures	On balance sheet-Loans and advances at amortised cost	Allowance for ECL	% ECL allowance of on-balance sheet exposures
	(£mn)		%	(£mn)		%
Stage 1	3,735	11.3	0.3%	3,398	13.3	0.4%
Stage 2	415	5.5	1.3%	358	5.1	1.4%
Stage 3	105	13.2	12.6%	91	12.2	13.4%
Total.....	4,256	30.1	0.7%	3,847	30.6	0.8%

Notes:

The above balances are for OakNorth as a standalone entity and do not include A.S.K.. The total loans and advances of A.S.K. were not material as of the above reporting periods (June 2024: £2 million; December 2023: £1 million).

The deposit book grew by £1.0 billion in the six months ended 30 June 2024 to £5.7 billion as at 30 June 2024, with the number of customers growing to over 285,000 (31 December 2023: 254,000). Much of the growth came from the increase in the Easy Access and Fixed Rate ISAs. 92 per cent. of the total deposits were covered under the FSCS, (31 December 2023: 92 per cent.). There was no material change to the deposit origination strategy. In the 12 months ended 30 June 2024, £2.9 billion new deposits were raised, 78 per cent. of which were directly originated by OakNorth via reinvestment from existing customers (27 per cent.), cross selling from other OakNorth products (11 per cent.), Best-buy tables (38 per cent.), and OakNorth website (2 per cent.). 22 per cent. of the new deposits originated in this period were via deposit partners. For the 6 months ended 30 June 2024, reinvestment rate of maturing deposits by existing customers was at an average of 60 per cent. Term deposit products (comprising of fixed term deposits, fixed rate ISAs and notice accounts) comprised 71 per cent. of the deposit book as at 30 June 2024 and funded over 95 per cent. of drawn loan book (31 December 2023: 79 per cent. and 95 per cent. respectively). The product composition of the deposit book as of 30 June 2024 was as summarised below. The Business Current Account balances were not material as at the reporting date. As at 30 June 2024, OakNorth held a considerable amount of high-quality liquid assets in respect of deposits that are subject to immediate withdrawal. The customer loan to deposit ratio was 75 per cent. as at 30 June 2024 (31 December 2023: 82 per cent.).

Product categories	As at 30-June-24	As at 31-Dec-23
Easy Access (including Easy Access ISA) and Business Savings	29%	21%
Fixed Rate ISA	22%	10%
Notice Accounts	11%	18%
Fixed Term Deposits	38%	51%

H1-2024 Capital, Liquidity, FX, Interest rate risk & MTM update

Key metrics – capital (unaudited)⁽¹⁾	As of 30-Jun-24	As of 31-Dec-23
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital (£mn)	911.6	853.5
Tier 1 capital (£mn)	911.6	853.5
Total capital (£mn)	941.6	883.5
Risk-weighted exposure amounts		
Total risk-weighted exposure amount (£mn).....	5,160	4,577
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%).....	17.7%	18.6%
Tier 1 ratio (%)	17.7%	18.6%
Total capital ratio (%).....	18.3%	19.3%
Total capital requirement (including buffers) (%).....	15.3%	15.3%
Leverage ratio		
Leverage ratio total exposure measure including claims on central banks (£mn)	7,200	6,101
Leverage ratio including claims on central banks (%)	12.7%	14.0%

Note:

- (1) The capital metrics as at 30 June 2024 are stated on a consolidated basis for OakNorth including its subsidiary A.S.K.. Metrics as at 31 December 2023 are stated for OakNorth on standalone basis.

As at 30 June 2024, the CET1 capital increased as compared to 31 December 2023 primarily due to the addition of H1-2024 verified profits of OakNorth, less £20 million of dividends declared to OakNorth Holdings Limited, Jersey. The growth in the RWA was in line with the growth in the balance sheet and annual update to operational risk capital charge computation under 'Basic Indicator Approach'. There were no changes to the regulatory capital requirements, including capital buffers compared to 31 December 2023, which remained at 15.3 per cent. The overall capital surplus as at 30 June 2024 was 3.0 per cent., or £153 million of the total risk weighted assets (31 December 2023: 4.0 per cent., £183 million).

The liquidity position remained robust throughout H1-2024 and OakNorth continued to maintain surplus over the regulatory liquidity requirements. As at 30 June 2024, £2,237 million unencumbered cash was held in the Bank of England's reserve account. The average LCR during the past 12 month reporting period was 477 per cent. and the NSFR was 169 per cent.

The USD denominated asset balances increased to £217.7 million of drawn loans (31 December 2023: £145.5 million) and £128.3 million of money market funds (31 December 2023: £31.8 million). These were primarily funded via CCIRS. The notional value of CCIRS outstanding were £319.8 million as at 30 June 2024 (31 December 2023: £161.7 million).

Pursuant to its interest rate risk management strategy, OakNorth entered into interest rate swaps with notional value of £3.6 billion outstanding as at 30 June 2024 (31 December 2023: £900 million) which were designated either as fair value hedges or cash flow hedges. The net total MTM on the derivatives held for risk management was negative £1.5 million as at 30 June 2024 (31 December 2023: positive £5.8 million).

As at 30 June 2024, OakNorth held £206.4 million of investments in UK gilts and Treasury bills (31 December 2023: £205.9 million) and £128.3 million in US Money Market funds (31 December 2023: £31.8 million) at MTM through OCI. The net mark to market through OCI for these investments was £10,000 (31 December 2023: £56,000).

There were no other material updates or material changes to OakNorth’s business or business model as at the date of publication of this Information Memorandum.

Governance

OakNorth voluntarily applies and reports on certain aspects of the UK Corporate Governance Code, consistent with the level of complexity and scale of the business.

The Board’s principal duty is to create and deliver a sustainable business model by setting OakNorth’s strategy and overseeing its implementation. It is responsible for ensuring that a system of internal controls is designed, implemented, maintained, and tested. It is responsible for approving the Risk Management Framework and the OakNorth’s business strategy, understanding major risks, ensuring that appropriate limits are set against those risks and that they are adequately controlled and monitored. The Board maintains oversight of all areas of the business through the Board Committees and undertakes a formal review annually of its own effectiveness, its Committees, and individual directors. The Board Committees include – Board Remuneration Committee, Board Nomination Committee, Board Risk & Compliance Committee, Board Audit Committee, and Board Credit Committee. The Board Nomination Committee assists the Board in reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes determining the optimum Board size, within the legal and regulatory framework.

ExCo takes delegated authority from the Board and is responsible for developing the strategy, ensuring the delivery of the management plan, and that the agreed strategy is executed across all dimensions. Additionally, the ExCo has responsibility for the Risk Management Framework and for management of all risks. There are a number of management committees subsidiary to ExCo, that include ALCO, Credit Risk Management Committee, Operations Committee and Executive Risk Committee.

Both the Board and the Board Committees, the ExCo and all other management sub-committees have defined terms of reference that articulate their responsibilities.

Directors of the issuer

Name of the Director	Position	Other directorships/appointments
Rishi Khosla	Co-founder & Chief Executive Officer	<ul style="list-style-type: none"> • Director – Westend Hill Properties Limited • Director – CPSRC Limited • OakNorth group directorships - OakNorth (UK) Limited, OakNorth Holdings Limited, OakNorth (Jersey) Limited, OakNorth Finance Limited, OakNorth Finance 2 Limited, OakNorth Ventures Limited, OakNorth Global (US) Inc

Name of the Director	Position	Other directorships/appointments
Joel Perlman	Co-founder & Senior Managing Director	<ul style="list-style-type: none"> • Director – Priel Resources Limited • Director – CP SRC Limited • Director – Credence Strategic Limited • Director – Trichotomy Limited • OakNorth group directorships - Fluidly Limited, OakNorth International (UK) Limited, OakNorth Holdings Limited, OakNorth (Jersey) Limited, OakNorth Finance Limited, OakNorth Finance 2 Limited, OakNorth Ventures Limited
Rajesh Ramakrishna Gupta	Executive Director, Chief Financial Officer	<ul style="list-style-type: none"> • Director – A.S.K. Partners Limited
Lord Jonathan Adair Turner	Non-Executive-Director and Chair of the Board	<ul style="list-style-type: none"> • Chair – Energy Transitions Commission • Chair – Chubb Europe • Board Advisor – Watershed Technologies Ltd • Board Advisor – ReNew Power India • Director – AESC Japan
Robert Michael Burgess	Non-Executive Director, Chair of the Board Credit Committee, Chair of the Board Risk & Compliance Committee	<ul style="list-style-type: none"> • Director – Brooks Macdonald Group Plc • Director – Invest and Fund Limited • Director – Sevenoaks Preparatory School Limited
Carolyn Margaret Schuetz	Non-Executive Director, Chair of the Board Audit Committee	<ul style="list-style-type: none"> • Non-Executive Director – Equitable Bank • Director – EQB Inc (parent company of Equitable Bank) • Non-Executive Director – Altus Group
Edward Barry Berk	Senior Independent Director, Chair of the Remuneration Committee, Chair of the Nomination Committee	<ul style="list-style-type: none"> • Co-chair of the Board of Advisors and ex officio trustee – Boston Symphony Orchestra, Inc

Name of the Director	Position	Other directorships/appointments
Timo Alexander Bernd Boldt	Non-Executive Director	<ul style="list-style-type: none"> • Director – Bento Technology Limited • Director – Compare the Market Limited • Director – Sca Investments Limited
Nilan Hilarion Peiris	Non-Executive Director	-

SUPERVISION AND REGULATION OVERVIEW

OakNorth is a UK-based digital bank that is authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the PRA and the Financial Conduct Authority (the “FCA”).

The key regulatory bodies in the UK include:

The Prudential Regulation Authority: The PRA is a part of the Bank of England and is responsible for the prudential regulation and supervision of banks, building societies, credit unions, insurers, and major investment firms. It has a wide range of powers, including licensing, enforcement and policy making, and sets standards and supervises financial institutions at the level of the individual firm.

The Financial Conduct Authority: The FCA is responsible for the conduct of business and market regulation in relation to all authorised firms and the prudential regulation of firms that are not regulated by the PRA. The FCA has the power to enforce competition law for financial services and has powers to take action against anti-competitive behaviour.

The Financial Policy Committee: The FPC is a part of the Bank of England and is responsible for the UK’s macro-prudential policy, which involves assessing and managing risks to the financial system as a whole.

Resolution authority: The resolution authority in the UK for banks is the Bank of England. The Bank of England, through the PRA and the Resolution Directorate, is responsible for ensuring that banks and other financial institutions have credible recovery and resolution plans in place.

The key regulatory frameworks in the UK include:

The Financial Services and Markets Act 2000 (as amended): The FSMA is a piece of legislation in the UK that was passed to create a comprehensive approach to the regulation of the financial services industry. It is a wide-ranging and complex Act, aimed at consolidating the regulation of financial services into a single framework overseen by the FCA and the PRA. The FSMA established a framework to supervise and control financial institutions, which includes setting standards for business practices, codes of conduct, and the power to impose penalties for non-compliance. It covers a wide range of financial activities, including banking, insurance, investment services, consumer credit, and others. The FSMA also introduced a regime for the official listing of securities, and regulations for the conduct of investment business. The FSMA prohibits any person from carrying on a “regulated activity” by way of business in the UK unless that person is authorised or exempt.

The Financial Services and Markets Bill 2022-23: On 20 July 2022, the UK government introduced the Financial Services and Markets Bill 2022-23 (the “Bill”) to Parliament. The Bill implements the outcomes of the Future Regulatory Framework Review, which assessed whether the UK financial services regulatory framework is fit for purpose and able to support future growth. The Bill proposes major changes to the regulation of the UK financial services sector and addresses issues arising from Brexit, including (but not limited to) the revocation of all retained EU law relating to financial services, revisions to retained EU law, the introduction of a regulatory gateway through which authorised firms must pass before they are able to approve the financial promotions of authorised firms, and revisions to the powers of the FCA and the PRA under a new regulatory framework. The financial services regulators will be delegated powers for detailed rulemaking, while being subject to enhanced oversight by Parliament. To maintain the UK’s position as a leading financial services centre, the Bill empowers HM Treasury to change legislation to ensure that mutual recognition agreements (“MRAs”) can be properly implemented, including bestowing powers on the relevant regulators to give effect to MRAs.

FSMA 2023: FSMA 2023 makes significant reforms to the regulation of the UK financial services sector and addresses issues arising from Brexit, including (but not limited to) establishing a framework for the revocation of financial services retained EU law, giving the FCA and PRA greater rule-making powers where HM Treasury

deems this necessary and introducing a regulatory gateway through which authorised firms must pass before they are able to approve the financial promotions of unauthorised firms. FSMA 2023 also provides for HM Treasury to make changes to domestic legislation necessary to ensure that mutual recognition agreements (“**MRAs**”) related to financial services can be fully implemented, using secondary legislation.

TAXATION

United Kingdom

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer and do not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Terms and Conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. In particular, Noteholders should be aware that the tax legislation of any jurisdiction where a Noteholder is resident or otherwise subject to taxation (as well as the United Kingdom and the United States discussed below) may have an impact on the tax consequences of an investment in the Notes including in respect of any income received from the Notes.

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the latest practicable date before the date of Information Memorandum.

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

Interest on the Notes

While the Notes are and continue to be admitted to trading on a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange within the meaning of Sections 987 and 1005 Income Tax Act 2007, payments of interest by the Issuer may be made without withholding or deduction for or on account of United Kingdom income tax. The International Securities Market is a multilateral trading facility operated by a UK, Gibraltar or EEA regulated recognised stock exchange (the London Stock Exchange) for these purposes.

Payments of interest by the Issuer may also be made without withholding or deduction for or on account of United Kingdom income tax provided that it continues to be a bank within the meaning of Section 991 of the Income Tax Act 2007 and the interest on the Notes is paid in the ordinary course of its business within the meaning of Section 878 of the Income Tax Act 2007.

In all other cases, interest which has a United Kingdom source will generally be paid by the Issuer under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.), subject to the availability of other reliefs under domestic law or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

United States

Foreign Account Tax Compliance Act

Pursuant to certain provisions of U.S. law, commonly known as “**FATCA**”, a “foreign financial institution” (as defined by FATCA, and including an intermediary through which Notes are held) may be required to withhold at a rate of 30 per cent. on certain payments it makes (“**foreign passthru payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The term “foreign passthru payment” is not yet defined. The Bank is a foreign financial institution for these purposes. A number of jurisdictions (including the United Kingdom) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of FATCA to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply to foreign passthru payments made prior to the date that is two years after the date on which final regulations defining “foreign passthru payments” are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Additionally, Notes that are not treated as equity for U.S. federal income tax purposes and that have a defined term that are not issued more than six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding in respect of foreign passthru payments unless materially modified after such date. However, if additional notes (as described under Condition 15 (*Further Issues*)) that are not distinguishable from outstanding Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including outstanding Notes issued during the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.

SUBSCRIPTION AND SALE

Goldman Sachs International (the “**Manager**”) has, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 7 October 2024, agreed to subscribe or procure subscribers for the Notes at the issue price of 100 per cent. of their principal amount less a combined management and underwriting commission, subject to the provisions of the Subscription Agreement. The Issuer will also reimburse the Manager in respect of certain of its expenses, and has agreed to indemnify the Manager against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer. The Manager has agreed to purchase a portion of the principal amount of the Notes for its own account. Such Notes may be held or resold (in whole or in part) at the sole discretion of the Manager.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States, except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Accordingly, the Notes are being offered and sold only outside the United States in reliance on, and in compliance with, Regulation S.

The Manager has agreed that neither it, its affiliates, nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes and it has not offered or sold, and will not offer or sell, any Notes constituting part of its allotment within the United States, except in accordance with Rule 903 of Regulation S. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if it were not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Prohibition of Sales to UK Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Prohibition of Sales to EEA Retail Investors

The Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or both) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); or
- (b) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Hong Kong

The Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMPO)**”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

The Manager has acknowledged that this Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “**SFA**”)) pursuant to Section 274 of the SFA, or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Notification under Section 309B(1)(c) of the SFA – In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

General

No action has been taken by the Issuer or the Manager that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, the Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

GENERAL INFORMATION

Authorisations

The issue of the Notes was duly authorised by resolutions of the Board passed on 27 September 2024 and 2 October 2024 and by resolutions of a sub-committee of the Board passed on 27 September 2024 and 2 October 2024.

Listing

Applications have been made for the Notes to be admitted to the ISM. It is expected that admission of the Notes to trading on the ISM will be granted on or around 9 October 2024, subject only to the issue of the Global Certificate and that such admission will become effective, and that dealings in the Notes on the ISM will commence, on or about 10 October 2024. The ISM is not a regulated market within the meaning of UK MiFIR. Such admission to trading is expected to be effective on or immediately following the Issue Date. Notes so admitted to trading on the ISM are not admitted to the Official List of the FCA. The London Stock Exchange has not approved or verified the contents of this Information Memorandum.

Indication of Yield

Based upon a re-offer price of 100 per cent. of the principal amount of the Notes, the yield of the Notes for the period from (and including) the Issue Date to (but excluding) the Reset Date, is 9.978 per cent. *per annum*, payable on a semi-annual basis. The yield is calculated at the Issue Date and is not an indication of future yield.

Clearing systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS2910525927 and the Common Code is 291052592.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant or material adverse change

There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2024 and there has been no material adverse change in the prospects of the Issuer or the Group since 31 December 2023.

Litigation

The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this Information Memorandum which may have or have in such period had a significant effect on the financial position or profitability of the Issuer.

Auditors

PricewaterhouseCoopers LLP of 1 Hardman Square, Manchester, M3 3EB (Chartered Accountants and Statutory Auditors) and a member of the Institute of Chartered Accountants in England and Wales has audited, and rendered unqualified audit reports on, the financial statements of the Issuer for the two years ended 31 December 2023 and 31 December 2022.

Documents available

Physical copies of the following documents will be available from the date hereof and for so long as the Notes remain outstanding at the office of Issuer during normal business hours on any weekday:

- (a) the Agency Agreement and the Trust Deed (which includes the form of the Global Certificate);
- (b) the Articles of Association of the Issuer;
- (c) the 2022 Financial Statements;
- (d) the 2023 Financial Statements;
- (e) published Pillar 3 disclosures (unaudited) of the Issuer for the financial year ended 31 December 2023; and
- (f) a copy of this Information Memorandum together with any supplement to this Information Memorandum.

This Information Memorandum will be published on the website of the London Stock Exchange.

Incorporation of Issuer

The Issuer is a public limited company originally incorporated as a private limited company on 3 July 2013 under the Companies Act 2006. On 25 April 2018, the Issuer was re-registered as a public limited company under the Companies Act and changed its name from OakNorth Bank Limited to OakNorth Bank plc.

Conflicts of Interest

The Manager and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In the ordinary course of their business activities, the Manager and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and its affiliates. Where the Manager or its affiliates have a lending relationship with the Issuer and/or its affiliates they may routinely hedge their credit exposure to those entities consistent with their customary risk management policies. Typically, the Manager and its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Manager and its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

ISSUER

OakNorth Bank plc
3rd Floor
57, Broadwick Street
Soho
London W1F 9QS
United Kingdom

MANAGER

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

TRUSTEE

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**PRINCIPAL PAYING AGENT, AGENT BANK,
REGISTRAR AND TRANSFER AGENT**

Citibank, N.A., London Branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

LEGAL ADVISERS

To the Issuer as to English Law

Linklaters LLP
One Silk Street
London EC2Y 8HQ
United Kingdom

To the Manager and the Trustee as to English Law

Dentons UK and Middle East LLP
One Fleet Place
London EC4M 7WS
United Kingdom

AUDITOR

PricewaterhouseCoopers LLP
1 Hardman Square
Manchester M3 3EB
United Kingdom