

## SCHEDULE 1

## Article 2

### THE PRESCRIBED TERMS FOR PERMANANT INTEREST BEARING SHARES

The prescribed terms are terms which have effect so as

- (a) to prohibit the payment or crediting of interest on the shares in respect of any financial year or part of a year (hereinafter called “the interest period”) if the society has cancelled the interest or dividend upon

- (i) other shares of any class (other than deferred shares), or

- (ii) deposits with the society

which falls, in accordance with the terms applying to that class of share or those deposits, to be paid or credited at any time before the end of the interest period and for the purposes of this term interest shall, if the society has deferred or suspended payment thereof, for so long as it remains outstanding be taken to have been cancelled, and interest upon shares or deposits shall be taken to fall to be paid or credited if it would have so fallen but for any provisions relating thereto entitling the society to cancel defer or suspend payment.

- (b) to prohibit the payment or crediting of interest on the shares for any specified period if the board of directors of the society are of opinion that

- (i) there has been a failure by the society to satisfy the first criterion and such failure is then continuing, or

- (ii) the payment or crediting of that interest or, as the case may be, payment or crediting in full of that interest, would cause or contribute to such a failure by the society,

and in such case passes a resolution cancelling such interest or as the case may require reducing it to such extent as may be necessary to secure that there will be no such failure and upon the passing whereof the shareholder in respect of those shares shall cease to have any right to the interest for that period so cancelled or, as the case may be, any interest other than the reduced amount payable in accordance with that resolution;

- (c) to require that on amalgamation with another society under section 93 (amalgamations) of and Schedule 16 (Mergers : Supplementary provisions) to the Act or transfer of its engagements to any extent to another society under section 94 (Transfer of Engagements) of and Schedule 16 to the Act the relevant shares shall be shares in the transferee society without alteration in their terms;

- (d) to require that on a transfer of the whole of the society’s business to its successor in accordance with the applicable provisions the liability assumed by the successor in respect of relevant shares pursuant to section 100(2)(a) of the Act shall be taken, as between the member of the society in respect of those shares and the successor, to be a liability as in respect of subordinated debt, but so that nothing in the issue terms of relevant shares which is limited to the effect of this term (d) shall be taken to be a disqualifying term.