

Interest rates

Correct as at 1 November 2011

This leaflet sets out information on interest rates.

Most of the interest rates quoted are variable.

The information in this leaflet is correct as at 1 November 2011.

The Bank of England Bank Rate (the official Bank Rate published from time to time by the Bank of England) is currently 0.50% and may change in the future.

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Section 1: Personal current accounts and Northern Re:pay

1a When your account is in credit

When your account is in credit, we may pay you credit interest depending on the account you have. We work out the amount of interest each day based on your cleared balance (see section 7) and credit it to your account at the end of each calendar month. We set the credit interest rates and these can change. Section 6 explains how we will give you notice of changes to interest rates.

Personal current accounts on sale

The credit interest rates on these accounts can vary and are currently as shown below.

| | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|--------------------------|-------------------|---------------------|----------------------------|
| Northern Personal Access | 0.00% | 0.00% | 0.00% |
| Northern Discovery | 0.08% | 0.10% | 0.10% |
| Northern Freedom | 0.08% | 0.10% | 0.10% |
| Northern Choice | 0.08% | 0.10% | 0.10% |
| Northern 24/7 | 0.20% | 0.25% | 0.25% |
| Northern Choice Plus | 0.12% | 0.15% | 0.15% |
| Northern Prestige | 0.20% | 0.25% | 0.25% |
| Northern Re:pay | 0.08% | 0.10% | 0.10% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Personal current accounts no longer on sale

The following accounts are no longer on sale.

The credit interest rates on these accounts can vary and are currently as shown below.

| | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|--------------------------|-------------------|---------------------|----------------------------|
| CashMaster Basic account | 0.00% | 0.00% | 0.00% |
| Current Account | 0.00% | 0.00% | 0.00% |
| CashMaster account | 0.00% | 0.00% | 0.00% |
| Current Account Plus | 0.00% | 0.00% | 0.00% |
| Principal account | 0.00% | 0.00% | 0.00% |
| ChequeMaster account | 0.00% | 0.00% | 0.00% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

1b When you have an arranged overdraft in place

Arranged overdrafts are not available on Northern Personal Access, CashMaster Basic or Northern Discovery accounts. If you have a Northern Personal Access account or a CashMaster Basic account and you need an arranged overdraft (and you are over 18), you should talk to us about changing to a different type of current account.

Arranged overdraft interest

If the cleared balance (see section 7) on your account is a debit balance, and you have an arranged overdraft in place, we will charge you 'arranged overdraft interest' on this balance. This will be described on your statement as 'arranged overdraft interest'.

The arranged overdraft interest rate is made up of two parts - the Bank of England Bank Rate (BOEBR) and a margin over the BOEBR (known as the 'margin'), which are both variable rates. Further details are set out in the facility letter you received when we set up your arranged overdraft. If we have referred to the 'Northern Bank Base Rate' in your overdraft facility letter, you should read those references as meaning the Bank of England Bank Rate.

Personal current accounts on sale

The overall interest rates (that is, the BOEBR plus the margin) for arranged overdraft interest on these accounts can vary and are currently as shown below.

| | Arranged overdraft interest rate | Arranged overdraft interest rate (EAR) |
|--------------------------------|----------------------------------|--|
| Northern Personal Access | Does not apply | Does not apply |
| Northern Discovery | Does not apply | Does not apply |
| Northern Freedom | 0.00% | 0.00% |
| Northern Choice | 9.99% | 10.46% |
| Northern 24/7 (see note below) | 8.99% | 9.37% |
| Northern Choice Plus | 8.99% | 9.37% |
| Northern Prestige | Negotiable (Max 8.99%) | Negotiable (Max 9.37%) |

EAR stands for 'effective annual rate'. See section 7 for an explanation of what it means.

Note: You will get an arranged overdraft of at least £50 as standard with a Northern 24/7 account.

In section 6, we set out how we tell you when the BOEBR or the margin changes.

If the arranged overdraft interest that you have to pay is less than £1, we do not charge this interest.

Personal current accounts no longer on sale

The following accounts are no longer on sale.

The overall interest rates (that is, the BOEBR plus the margin) for arranged overdraft interest on these accounts can vary and are currently as shown below.

| | Arranged overdraft interest rate | Arranged overdraft interest rate (EAR) |
|--------------------------|----------------------------------|--|
| CashMaster Basic account | Does not apply | Does not apply |
| CashMaster account | 11.99% | 12.67% |
| Current account | 11.99% | 12.67% |
| Current Account Plus | 11.99% | 12.67% |
| Principal account | Negotiable (Max 11.99%) | Negotiable (Max 12.67%) |
| ChequeMaster account | 11.99% | 12.67% |

EAR stands for 'effective annual rate'. See section 7 for an explanation of what it means.

In section 6, we set out how we will tell you when the BOEBR or the margin changes.

If the arranged overdraft interest that you have to pay is less than £1, we do not charge this interest.

Arranged excess

If you have an arranged overdraft in place on your account you can also agree with us the amount of any temporary extension to this arranged overdraft that you need. This is known as an 'arranged excess'.

The arranged overdraft interest rate will apply to the total of the arranged overdraft and the arranged excess.

If the arranged overdraft interest that you would have to pay is less than £1, we do not charge this interest.

Unarranged excess

If you have an arranged overdraft in place on your account and you go beyond your arranged overdraft limit, and you do not agree with us the amount of any temporary or other extension to the arranged overdraft, we will treat this as an application for an 'unarranged excess'. If you agree the amount of such an extension with us, and you go beyond this extension, we will also treat this as an application for an 'unarranged excess'.

Your facility letter and regular statements will tell you what rate of interest (known as the 'unarranged overdraft interest rate') will apply to the unarranged excess. You will continue to pay the arranged overdraft interest rate on the amount of your arranged overdraft and you will pay the unarranged overdraft interest rate on the amount of the unarranged excess.

If the unarranged overdraft interest that you would have to pay is less than £1, we do not charge this interest.

1c When you do not have an arranged overdraft in place

Unarranged overdraft interest

If the cleared balance (see section 7) on your account is a debit balance, but you do not have an arranged overdraft in place, we will charge you 'unarranged overdraft interest' on this balance. This will be described on your statement as 'unarranged overdraft interest'.

The unarranged overdraft interest is made up of two parts - the Bank of England Bank Rate (BOEBR) and a margin over the BOEBR (known as the 'unarranged margin'), which are both variable rates.

The unarranged overdraft interest rate can vary and is currently as shown below.

| | Unarranged overdraft interest rate | Unarranged overdraft interest rate (EAR) |
|-------------------------------------|------------------------------------|--|
| Northern Discovery | Does not apply | Does not apply |
| Northern Personal Access | Does not apply | Does not apply |
| Cashmaster Basic | Does not apply | Does not apply |
| All other personal current accounts | 20.50 % | 22.54% |

EAR stands for 'effective annual rate'. See section 7 for an explanation of what it means.

Note: You will get an arranged overdraft of at least £50 as standard with a Northern 24/7 account.

In section 6, we set out how we will tell you when the BOEBR or the unarranged margin changes.

If the unarranged overdraft interest that you would have to pay is less than £1, we do not charge this interest.

You may also have to pay extra fees and service charges that can apply on overdrafts. For more information, see our 'Fees and service charges explained leaflet', available at any branch and on our website at northernbank.co.uk

1d Northern Re:pay accounts

The debit interest rates on Northern Re:pay accounts can vary and are currently as shown below.

| Amount of original loan | Debit interest rate | Overall cost for comparison (APR) |
|-------------------------------|---------------------|-----------------------------------|
| Northern Re:pay variable rate | 3.54% | 3.9% |
| Tier 1 - £50,000 to £99,999 | 3.54% | 3.9% |
| Tier 2 - £100,000 to £149,999 | 3.29% | 3.5% |
| Tier 3 - £150,000 to £199,999 | 2.99% | 3.1% |
| Tier 4 - £200,000 and over | 2.99% | 3.1% |

APR stands for 'annual percentage rate'. See section 7 for an explanation of what it means.

In section 6, we set out how we will tell you when the rate changes.

If you go over the limit which appears on your monthly statement for your Northern Re:pay account, we will charge you an extra 2% above the rates shown above.

If the debit interest that you would have to pay is less than £1, we do not charge this interest.

1e Charging you interest

We work out the amount of interest each day based on your cleared balance (see section 7). If you are due to pay interest on your account, before we charge the interest we will write to you at the end of each calendar month and tell you the amount that we will charge. When we work out the amount of interest, we will take into consideration all transactions on your account up to the last day of the month. We will charge interest to your account on the last business day (see section 7) of the next month.

On Northern Re:pay accounts, we will write to you at the end of each calendar month and tell you the amount of interest we will charge, and we will charge the interest to your account on the 12th business day of the next month.

1f Fees and service charges

Please see our 'Fees and service charges explained' leaflet for details of fees and service charges that may also apply.

1g Text and e-mail services

You can ask us to send you text messages (free of charge, although charges may apply from your service provider) or e-mail messages (or both) to let you know when your balance falls below a certain level. This can help you manage your account and keep within your arranged overdraft limit, or stay in credit if you have no arranged overdraft in place.

Section 2:

Personal savings accounts on sale

The following table sets out the main features of our variable-rate savings accounts.

| Account | Minimum balance | Age | When is credit interest paid? | Can I access the account using internet and 24 hour telephone banking? | Can I access the account in my branch? | Special features |
|--------------------------------------|-----------------|--------------|--|--|--|--|
| Northern Prestige Savings Account | £1 | 18 and over | In October each year | Yes | No | Available only to customers who have a Northern Prestige current account |
| Northern Choice Plus Savings Account | £1 | 18 and over | In October each year | Yes | No | Available only to customers who have a Northern Choice Plus current account |
| Northern eSaver | £1 | 18 and over | In October each year | Yes | No | Available only to customers who apply online or by phone |
| Savings Account Plus | £1 | 16 and over | In October each year | Yes | No | Available to customers who have any Northern current account |
| Junior Savings Account | £1 | 10 and Under | In October each year | No | Yes | |
| Northern Discovery Savings Account | £1 | 11 to 17 | In October each year | Yes | Yes | |
| Midas Gold | £1 | 50 and over | Either every month or in October each year | Yes | Yes | Midas Gold customers are entitled to commission-free traveller's cheques and free safe custody |
| Summit | £1 | | In October each year | Yes | Yes | |
| Cash ISA | Does not apply | 16 and over | In December each year | Yes (24 hour telephone banking - account information only) | Yes | There are limits on the amount you can pay into a cash ISA. Other terms and conditions also apply. (see Note 1) |
| Junior Cash ISA | £25 | under 18 | In December each year | eBanking only - account information and subscriptions | Yes - subscriptions only | There are limits on the amount you can pay into a Junior Cash ISA. Other terms and conditions also apply. (See Note 2) |

Note 1. The maximum amount that can be paid into a Cash ISA in tax year 2011/2012 is £5,340. If you are also paying into a Stocks and Shares ISA, the overall total you can pay into both is £10,680.

Note 2. The maximum amount that can be paid into a Junior Cash ISA in tax year 2011/2012 is £3,600. If you are also paying into a Junior Stocks and Shares ISA, the overall total you can pay into both is £3,600.

If you have given us a valid Not Ordinarily Resident (NOR) declaration form to tell us that you are not a UK resident, we will not pay interest on balances below £10,000, except in the case of a Cash ISA or Junior Cash ISA where interest is paid no matter what the balance in the account is.

The credit interest rates on the above accounts are based on a rate we set. Credit interest rates can vary and are currently as shown below.

| All credit balances | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|--------------------------------------|-------------------|---------------------|----------------------------|
| Northern Prestige savings account | 0.36% | 0.45% | 0.45% |
| Northern Choice Plus savings account | 0.16% | 0.20% | 0.20% |
| Northern eSaver | 1.20% | 1.50% | 1.38%* |
| Savings Account Plus | 0.08% | 0.10% | 0.10% |
| Junior Savings Account | 0.80% | 1.00% | 1.00% |
| Northern Discovery Savings Account | 0.80% | 1.00 % | 1.00 % |

| Cash ISA | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|----------|-------------------|---------------------|----------------------------|
|----------|-------------------|---------------------|----------------------------|

Rate of interest applicable to funds invested in the ISA during tax year 6 April 2011 to 5 April 2012

(After 5 April 2012, funds invested between 6 April 2011 and 5 April 2012 will be treated as having been invested during the previous tax years, and will receive interest accordingly.)

| | | | |
|--------------|----------------|-------|-------|
| Up to £5,340 | Does not apply | 2.25% | 2.25% |
|--------------|----------------|-------|-------|

Rate of interest applicable to funds invested in the ISA during previous tax years (see Note 1)

| | | | |
|--------------------|----------------|-------|-------|
| Under £20,000 | Does not apply | 0.50% | 0.50% |
| £20,000 to £29,999 | Does not apply | 0.75% | 0.75% |
| £30,000 and over | Does not apply | 1.25% | 1.25% |

| Junior Cash ISA | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|-----------------|-------------------|---------------------|----------------------------|
|-----------------|-------------------|---------------------|----------------------------|

This is a Cash ISA savings account for young people aged under 18
Interest is paid in December each year.

| | | | |
|--------------|----------------|-------|-------|
| All balances | Does not apply | 4.00% | 4.00% |
|--------------|----------------|-------|-------|

Note 1: The interest rate applicable is based on the total balance in the account including current year's subscriptions.

For example, customer has a total balance of £18,000 from investments made in previous tax years. A new investment of £5,000 added to the account will earn interest at 2.25% gross and the remaining balance of £18,000 will earn 0.75% gross as the total balance in the account is £23,000.

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

* Northern eSaver AER - AER stands for 'annual equivalent rate' and shows what the yearly rate of interest would be after taking into consideration how often interest is added to the account, and assuming one withdrawal is made.

In section 6, we set out how we will tell you when the rates change.

Northern eSaver

You will receive interest for every month you do not make a withdrawal. If you make a withdrawal from your account, you will not be entitled to any interest on the balance in your account for the period of the calendar month during which you made the withdrawal.

Midas Gold Yearly Interest and Midas Gold Monthly Interest

The credit interest rates on these accounts are based on a rate we set and will depend on the amount you hold in the account. The rates can vary and are currently as shown below.

| Amount | Net interest rate | Gross interest rate | Credit interest rate (AER) for Midas Gold Yearly Interest | Credit interest rate (AER) for Midas Gold Monthly Interest |
|----------------------|-------------------|---------------------|---|--|
| Under £2,000 | 0.08% | 0.10% | 0.10% | 0.10% |
| £2,000 to £4,999 | 0.08% | 0.10% | 0.10% | 0.10% |
| £5,000 to £9,999 | 0.08% | 0.10% | 0.10% | 0.10% |
| £10,000 to £24,999 | 0.08% | 0.10% | 0.10% | 0.10% |
| £25,000 to £99,999 | 0.08% | 0.10% | 0.10% | 0.10% |
| £100,000 to £249,999 | 0.08% | 0.10% | 0.10% | 0.10% |
| £250,000 and over | 0.08% | 0.10% | 0.10% | 0.10% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Summit

The credit interest rates on this account are based on a rate we set and will depend on the amount you hold in the account. The rates can vary and are currently as shown below.

| Amount | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|----------------------|-------------------|---------------------|----------------------------|
| Under £500 | 0.08% | 0.10% | 0.10% |
| £500 to £1,999 | 0.08% | 0.10% | 0.10% |
| £2,000 to £24,999 | 0.08% | 0.10% | 0.10% |
| £25,000 to £99,999 | 0.08% | 0.10% | 0.10% |
| £100,000 to £249,999 | 0.08% | 0.10% | 0.10% |
| £250,000 and over | 0.08% | 0.10% | 0.10% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Personal Fixed Term Deposit accounts

We offer a number of Fixed Term Deposit accounts with a range of terms, from one week to five years. The credit interest rates that we offer on Fixed Term Deposit accounts change from time to time. Please ask at any Northern Bank branch for details.

Personal savings accounts no longer on sale

The following accounts are no longer on sale.

Summit Extra savings account

The credit interest rates on this account are based on a rate we set and will depend on the amount you hold in the account. The rates can vary and are currently as shown below.

| Amount | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|--------------------|-------------------|---------------------|----------------------------|
| Under £100 | 0.08% | 0.10% | 0.10% |
| £100 to £999 | 0.08% | 0.10% | 0.10% |
| £1,000 to £1,999 | 0.08% | 0.10% | 0.10% |
| £2,000 to £9,999 | 0.08% | 0.10% | 0.10% |
| £10,000 to £24,999 | 0.08% | 0.10% | 0.10% |
| £25,000 to £49,999 | 0.08% | 0.10% | 0.10% |
| £50,000 and over | 0.08% | 0.10% | 0.10% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Saverplus Account

The credit interest rates on this account are based on a rate we set and will depend on the amount you hold in the account. The rates can vary and are currently as shown below.

| Amount | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|----------------------|-------------------|---------------------|----------------------------|
| Under £2,000 | 0.08% | 0.10% | 0.10% |
| £2,000 to £9,999 | 0.08% | 0.10% | 0.10% |
| £10,000 to £24,999 | 0.08% | 0.10% | 0.10% |
| £25,000 to £49,999 | 0.08% | 0.10% | 0.10% |
| £50,000 to £99,999 | 0.08% | 0.10% | 0.10% |
| £100,000 to £249,999 | 0.08% | 0.10% | 0.10% |
| £250,000 and over | 0.08% | 0.10% | 0.10% |

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Savings Account and PAWS Club Account

The credit interest rates on these accounts are fixed.

| Account | Balance | Credit interest rate | |
|-----------------|--------------------|----------------------|-------|
| | | Gross interest rate | AER |
| Savings Account | Under £1,000 | 0.10% | 0.10% |
| | £1,000 to £9,999 | 0.10% | 0.10% |
| | £10,000 to £24,999 | 0.10% | 0.10% |
| | £25,000 and over | 0.25% | 0.25% |
| PAWS Club | Under £100 | 0.10% | 0.10% |
| | £500 to £999 | 0.10% | 0.10% |
| | £1,000 and over | 0.10% | 0.10% |

The rates on the above accounts have been fixed since 1 May 2004.

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

Section 3: Non-personal current accounts

3a When you have an arranged overdraft in place

Arranged overdraft interest

If the cleared balance (see section 7) on your account is a debit balance, and you have an arranged overdraft in place, we will charge you 'arranged overdraft interest' on this balance. This will be described on your statement as 'debit interest'.

The arranged overdraft interest rate is made up of two parts - a debit interest rate and a margin over the debit interest rate (known as the 'margin'), which are both variable rates.

Debit interest rates are based on an interest reference rate. The interest reference rates that we use are the Bank of England Bank Rate (BOEBR) or LIBOR (depending on your account).

Further details are set out in the facility letter you received when we set up your arranged overdraft. If we have referred to the 'Northern Bank Base Rate' in your overdraft facility letter you should read those references as meaning the Bank of England Bank Rate.

In section 6, we set out how we will tell you when the BOEBR, LIBOR or the margin changes.

If the arranged overdraft interest that you have to pay is less than £1, we do not charge this interest.

Arranged excess interest

If you have an arranged overdraft in place on your account, you can also agree with us the amount of any temporary extension to this arranged overdraft that you need. This is known as an 'arranged excess'.

We will tell you verbally what rate of interest (known as the 'arranged excess interest rate') will apply to the arranged excess. The arranged overdraft interest rate will also apply to the arranged excess.

If the arranged excess interest that you would have to pay is less than £1, we do not charge this interest.

Surcharge interest

If you have an arranged overdraft in place on your account and you go beyond your arranged overdraft limit, and you do not agree with us the amount of any temporary or other extension to the arranged overdraft, then we will treat this as an application for an 'unarranged excess'. If you agree the amount of an extension with us, and you go beyond this extension, we will also treat this as an application for an 'unarranged excess'.

Your statement will tell you what rate of interest (known as the 'surcharge interest rate') will apply to the unarranged excess. The arranged overdraft interest rate will also apply to the unarranged excess.

If the surcharge interest that you would have to pay is less than £1, we do not charge this interest.

3b When you do not have an arranged overdraft in place

Unarranged overdraft interest

If the cleared balance (see section 7) on your account is a debit balance, but you do not have an arranged overdraft in place, we will charge you 'unarranged overdraft interest' on this balance. This will be described on your statement as 'debit interest'.

The unarranged overdraft interest is made up of two parts - the Bank of England Bank Rate (BOEBR) and a margin over the BOEBR (known as the 'unarranged margin'), which are both variable rates.

The unarranged overdraft interest rate can vary and is currently as shown below.

| | Unarranged overdraft interest rate | Unarranged overdraft interest rate (EAR) |
|-----------------------------------|------------------------------------|--|
| All non-personal current accounts | 20.50% | 22.13% |

EAR stands for 'effective annual rate'. See section 7 for an explanation of what it means.

In section 6, we set out how we will tell you when the BOEBR or the margin changes.

If the unarranged overdraft interest that you would have to pay is less than £1, we do not charge this interest.

3c Charging you interest

We work out the amount of interest each day based on your cleared balance (see section 7). If you are due to pay interest on your account, before we charge the interest we will write to you at the end of each calendar quarter (that is, the end of March, June, September and December) and tell you the amount that we will charge. When we work out the amount of interest, we will take into consideration all transactions on your account up to the last day of the quarter.

We will charge interest to your account on the 12th business day (see section 7) of the next month (that is, in April, July, October and January).

3d Fees and service charges

Please see our 'Fees and service charges explained' leaflets for details of fees and service charges that may also apply.

Section 4: Business Investment Account

We apply credit interest on this account every three months at the end of March, June, September and December.

The credit interest rates on this account are based on a rate we set and will depend on the amount you hold in the account. The rates can vary and are currently as shown below.

| Amount | Net interest rate | Gross interest rate | Credit interest rate (AER) |
|---------------------|-------------------|---------------------|----------------------------|
| Under £1,000 | 0.08% | 0.10% | 0.10% |
| £1,000 to £1,999 | 0.08% | 0.10% | 0.10% |
| £2,000 to £9,999 | 0.08% | 0.10% | 0.10% |
| £10,000 to £24,999 | 0.08% | 0.10% | 0.10% |
| £25,000 to £49,999 | 0.08% | 0.10% | 0.10% |
| £50,000 to £249,999 | 0.08% | 0.10% | 0.10% |
| £250,000 and over | 0.08% | 0.10% | 0.10% |

If you have a Northern Enterprise or Northern Enterprise Plus account, you can receive an extra 0.25% on the standard gross interest rates shown above.

AER stands for 'annual equivalent rate'. See section 7 for an explanation of what the terms 'net interest rate', 'gross interest rate' and 'AER' mean.

In section 6, we set out how we will tell you when the rates change.

Business Fixed Term Deposit Accounts

For full details of our range of business Fixed Term deposit accounts, contact your account manager or any Northern Bank branch.

Section 5: Currency accounts

We offer a range of deposit and current accounts, available for both personal and business customers. Please ask at any Northern Bank branch for details

Section 6: How we tell you about changes to interest rates

Interest rates and any changes to the interest rates are shown on your statement. You can also get information on interest rates from any Northern Bank branch or by visiting our website at northernbank.co.uk.

Debit Interest Rates

We base each of our variable debit interest rates that apply to overdrafts on an interest reference rate. The interest reference rates that we use are the Bank of England Bank Rate or LIBOR (depending on your account). This means that our rate will change when the interest reference rate changes. We will apply any such changes at the beginning of the day after the Bank of England announces a change to the official Bank Rate or in the case of LIBOR from the close of business on the day that any change takes place.

We will advertise any changes to the BOEBR by displaying notices in our branches and in the press within three working days of the change coming into force. The newspapers that we usually use are the Belfast Telegraph or the News Letter or the Irish News (or all of them). In certain circumstances we may also advise you personally about interest rate changes.

Changes to LIBOR are published by Reuters and can change each day, normally before 12 noon.

If you are a personal customer, the margin (on an arranged overdraft or an arranged excess) and the unarranged margin (on an unarranged overdraft or an unarranged excess) are set by us. We will give you two months' written notice before we increase the margin or the unarranged margin that applies to your account.

If you are a business customer, the margin(s) (on an arranged overdraft), the unarranged margin (on an unarranged overdraft), the arranged excess interest rate (on an arranged excess) and the surcharge interest rate (on an unarranged excess) are set by us. We will give you two months' written notice before we increase the margin(s), the unarranged margin, the arranged excess interest rate or the surcharge interest rate that applies to your account. If you are a Corporate Opt-Out Customer the period of notice can be less than two months but will always be at least thirty days.

If we reduce the margin or the unarranged margin on your account we will make the change immediately. We will advise you of any reduction in your debit interest rate on your next statement.

If you have an overdraft facility letter, this will contain further details.

Credit Interest Rates

Credit interest rates are set by us, unless we tell you in the special terms and conditions for your account that this is not the case. We will give you two months' written notice of any reductions in the credit interest rates.

If you are a Corporate Opt-Out Customer the period of notice can be less than two months but will always be at least thirty days.

If we increase the credit interest rate on your account we will make the change immediately. We will advise you of any increase in your credit interest rate on your next statement.

Section 7: Explanation of some of the terms we have used

AER

AER stands for 'annual equivalent rate' and shows what the yearly rate of interest would be, after taking into consideration how often interest is added to the account, and assuming no withdrawals are made.

As every advertisement for a savings product which quotes an interest rate will contain an AER, you will be able to compare more easily what return you can expect from your savings over time.

APR

APR stands for 'annual percentage rate'. It aims to give people a more accurate idea of how much they are being charged when they borrow money. It allows people to compare the total cost of borrowing money for different types of loan, and lengths of time.

Bank of England Bank Rate (BOEBR)

Bank of England Bank Rate is the official Bank Rate as published by the Bank of England from time to time. The current rate is shown on the inside front page of this leaflet.

Business Day

A business day is a Monday, Tuesday, Wednesday, Thursday or Friday [except bank holidays and other holidays in Northern Ireland] on which the bank is usually open for business.

Cleared balance

When you pay a cheque (in pounds sterling) into your account, and you have a credit balance, the cheque will usually begin to earn interest after two business days. Once the cheque begins to earn

interest it is included in the 'cleared balance'. For example, if you pay a cheque into your account on a Monday, and you have a credit balance, the cheque will usually begin to earn interest on Wednesday. If you pay a cheque (in pounds sterling) into your account, and you have a debit balance, the cheque will usually reduce the debit balance on which interest is charged after two business days. Once this happens the cheque is included in the 'cleared balance'. For example, if you pay a cheque into your account on a Monday, and you have a debit balance, the cheque will usually reduce the debit balance on which interest is charged on Wednesday. When a cheque is included in the 'cleared balance' this does not always mean that you will be able to withdraw the proceeds of the cheque or that it will no longer be possible for the cheque to be returned unpaid. See the terms and conditions of your account for full details.

EAR

EAR stands for 'effective annual rate' and is used to show the costs of borrowing. It takes into consideration the interest rate charged and how often the interest is applied to the account. It does not include any fees or service charges relating to overdrafts.

Gross interest rate

The gross interest rate is the rate of interest we pay before taking off income tax at the rate set by law (currently 20%, except for Cash ISAs which are tax-free).

LIBOR

LIBOR means the daily three-month bbalibor™ rate for the relevant currency as published by Reuters before 12 noon.

Net interest rate

The net interest rate is the gross rate, less income tax at the rate set by law (currently 20%).

Section 8: Important information about compensation arrangements

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations.

Most depositors - including most individuals and small businesses - are covered by the scheme.

In respect of deposits, an eligible depositor is entitled to claim up to £85,000. For joint accounts each account holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £85,000 each (making a total of £170,000). The £85,000 limit relates to the combined amount in all the eligible depositor's accounts with the bank, including their share of any joint account, and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website www.FSCS.org.uk or call 020 7741 4100 or 0800 6781100 .

Not all Corporate Opt-Out Customers will be eligible depositors for the purposes of FSCS.

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Registered in Northern Ireland R568.
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Northern Bank Limited is a member of
Danske Bank Group.



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