IMPORTANT NOTICE

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities of the Issuer. It does not comprise a prospectus for the purposes of EU Directive 2003/71/EC and/or Part VI of the Financial Services and Markets Act 2000 of the United Kingdom or otherwise. The information set out in this document provides an overview of certain matters only and should be read in conjunction with the detailed information set out in the final Prospectus dated 27 November 2015. In the event of any inconsistency between this document and the Prospectus, the Prospectus shall prevail.

Deal Summary dated 6 April 2016 (the **Deal Summary**) relating to a base prospectus dated 27 November 2015 (the **Prospectus**) in relation to

Leeds Building Society
(a limited liability partnership incorporated in England and Wales under the Building Societies Act 1986, as amended)

€7 billion Global Covered Bond Programme
Unconditionally and irrevocably guaranteed as to payments of interest and principal by
Leeds Building Society Covered Bonds Limited Liability Partnership
(a limited liability partnership incorporated in England and Wales registered number OC340174)

Programme	Under its €7 billion covered bond programme (the "**Programme**"), Leeds Building Society (the "**Issuer**") may from time to time issue bonds (the "**Covered Bonds**") denominated in any currency agreed between the Issuer and the relevant Dealer(s). The price and amount of the Covered Bonds to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions. The maximum aggregate amount of all Covered Bonds from time to time outstanding will not exceed €7 billion.
Final Terms	Each Series of Covered Bonds will be subject to Final Terms, which, for the purpose of that Series only, supplements the Terms and Conditions of the Covered Bonds in the Prospectus and must be read in conjunction with the Prospectus.
Regulated Covered Bonds	The Issuer has been admitted to the register of issuers under the Regulated Covered Bond Regulations 2008 (SI 2008/346) as amended by the Regulated Covered Bonds (Amendment) Regulations 2008 (SI 2008/1714), the Regulated Covered Bonds (Amendment) Regulation 2011 (SI 2011/2859) and the Regulated Covered Bonds (Amendment) Regulations 2012 (SI 2012/2977) (the **RCB Regulations**) and the Programme and the Covered Bonds to be issued under the Programme have been admitted to the register of regulated covered bonds.
Guarantee	Leeds Building Society Covered Bonds LLP (the **LLP**) has guaranteed payments of principal and interest under the Covered Bonds pursuant to the Covered Bond Guarantee which is secured over the Portfolio and its other assets. Recourse to the LLP under its guarantee is limited to the Portfolio and the other assets of the LLP.
Dual Recourse	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu without any preference among themselves and (save for any obligations required to be preferred by law) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
	The Covered Bond Guarantee will be activated following occurrence of an Issuer Event of Default and the service of an Issuer Acceleration Notice on the Issuer and of a Notice to Pay on the LLP (or, if earlier, the service on the Issuer and the LLP of an LLP Acceleration Notice).
	If, upon the occurrence of an LLP Event of Default an LLP Acceleration Notice is served on the LLP, the Covered Bonds will become immediately due and payable as against the Issuer and the LLP's obligations under the Covered Bond Guarantee will be accelerated.
Underlying Assets	The LLP's primary source of funds to make payments under the Covered Bond Guarantee will be derived from, *inter alia*, payments of interest and principal in relation to a portfolio of residential mortgage loans originated and/or acquired from Leeds Building Society and secured over properties located in England and Wales, Scotland and Northern Ireland. These Loans will be (and have been) purchased by the LLP on the Transfer Dates, from time to time, subject to certain criteria being satisfied. Further information on the Loans is contained in the Prospectus in the section entitled "*Summary of the Principal Documents – Mortgage Sale Agreement*".
Credit Enhancement and Liquidity Support	• Covered Bond Guarantee: See further the section of the Prospectus entitled "*Summary of the Principal Documents – Trust Deed – Covered Bond Guarantee*".

	• Asset Coverage Test: See further the section of the Prospectus entitled "*Summary of the Principal Documents – LLP Deed – Asset Coverage Test*". • Amortisation Test: See further the section of the Prospectus in the section entitled "*Summary of the Principal Documents – LLP Deed – Amortisation Test*". • Reserve Funds: See further the section of the Prospectus in the section entitled "*Credit Structure – Reserve Fund*" and "*Credit Structure – LBS Reserve Fund*".
Redemption Provisions	Any optional and mandatory redemption of the Covered Bonds will be set out in the Final Terms documents related to the issue of Covered Bonds. A summary of the optional and mandatory redemption provisions, together with the types of covered bonds which may be issued under the Programme is set out in the section of the Prospectus entitled "*Overview of the Programme*".
Credit Ratings	Fitch Ratings Ltd (**Fitch**) and Moody's Investors Service Limited (**Moody's**) (and together, the **Rating Agencies**). The Covered Bonds issued under the Programme will have the ratings set out in the applicable Final Terms. Each of Fitch and Moody's is a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). The ratings assigned to the Covered Bonds by Fitch address the likelihood of (a) timely payment of interest due to the Covered Bondholders on each Interest Payment Date and (b) full payment of principal by a date that is not later than the Final Maturity Date of the relevant Covered Bonds. The ratings assigned by Moody's to the Covered Bonds address the expected loss to a Covered Bondholder in proportion to the initial principal amount of the Covered Bond held by a Covered Bondholder by the Final Maturity Date. **A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning Rating Agency.**
Listing	The Prospectus comprises a prospectus for the purpose of Directive 2003/71/EC as amended, which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implements in a relevant member state (the **Prospectus Directive**). An application has been made to the UK Listing Authority (the **UK Listing Authority**) as competent authority under the Prospectus Directive in order for the Prospectus to be approved. An application has been made to the London Stock Exchange (the **London Stock Exchange**) for the Covered Bonds to be admitted to the Official List (the **Official List**) and trading on its regulated market. The Final Terms relating to each Tranche of Covered Bonds will state whether or not the Covered Bonds are to be listed and/or admitted to trading and, if so, on which stock exchange(s) and/or markets. The regulated market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).
Clearing Systems	Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* or The Depository Trust Company as indicated in the relevant Final Terms.

THE "*RISK FACTORS*" SECTION OF THE PROSPECTUS CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE COVERED BONDS. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION OF THE PROSPECTUS.

Arrangers for the Programme

Barclays Bank PLC and HSBC Bank plc

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TRANSACTION OVERVIEW

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete, should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented in the Prospectus.

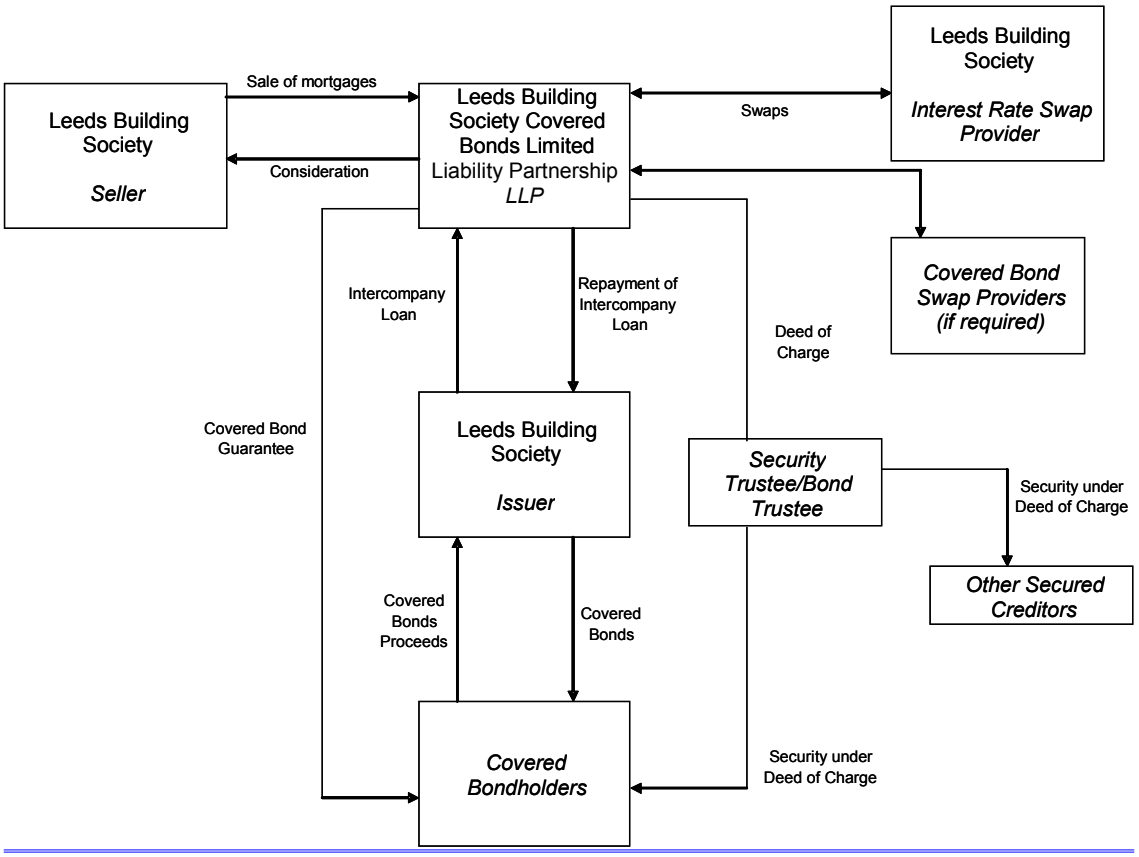
Words and expressions defined in the Prospectus shall have the same meanings in this Transaction Overview. A glossary of certain defined terms used in this document is contained at the end of the Prospectus.

A PRINCIPAL CHARACTERISTICS OF THE COVERED BOND PROGRAMME

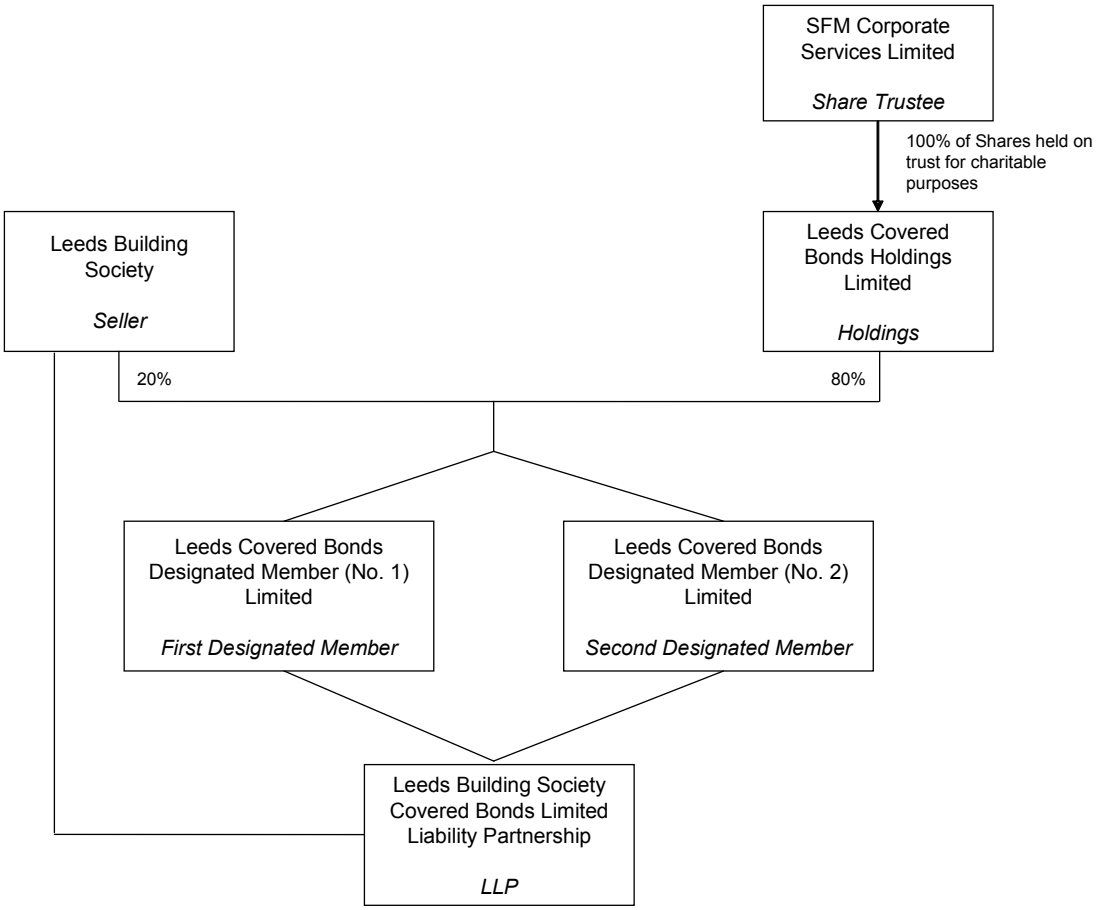
Issuer	Leeds Building Society (the "**Society**"), incorporated in England and Wales under the Building Societies Act 1986 (as amended) (the "**Building Societies Act**") (which expression shall include, where applicable, any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any statutory modification or re-enactment).
Guarantor	Leeds Building Society Covered Bonds Limited Liability Partnership
Regulated Covered Bonds	On 1 May 2009 the Issuer was admitted to the register of issuers and the Programme was admitted to the register of regulated covered bonds
Nature of eligible cover pool property	Residential mortgage loans, Substitution Assets up to the prescribed limit and Authorised Investments
Compliant with the Banking Consolidation Directive	Yes, the Programme is intended to be compliant with the Banking Consolidation Directive
Location of eligible residential property underlying Loans	England, Wales, Scotland and Northern Ireland
Maximum True Balance to Indexed Valuation Ratio given credit under the Asset Coverage Test	75.0 per cent.
Maximum Asset Percentage	93.5 per cent.
Asset Coverage Test	Yes, see further the section of the Prospectus entitled *Summary of the Principal Documents – LLP Deed – Asset Coverage Test*
Amortisation Test	Yes, see further the section of the Prospectus entitled *Summary of the Principal Documents – LLP Deed – Amortisation Test*
Reserve Funds	Yes, see further the section of the Prospectus entitled *Credit Structure – Reserve Fund* and *Credit Structure – LBS Reserve Fund*

Extendable Maturities	Available
Hard Bullet Option	Not Available
Asset Monitor	Deloitte LLP
Asset Segregation	Yes

B DIAGRAMMATIC OVERVIEW OF THE TRANSACTION



C OWNERSHIP STRUCTURE OF LEEDS BUILDING SOCIETY COVERED BONDS LIMITED LIABILITY PARTNERSHIP



D TRANSACTION PARTIES

Party	Name	Address	Document under which appointed / Further Information
Issuer	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	N/A; see the section of the Prospectus entitled "*The Issuer*" for further information.
LLP	Leeds Building Society Covered Bonds Limited Liability Partnership	105 Albion Street, Leeds LS1 5AS	N/A; see the section of the Prospectus entitled "*The LLP*" for further information.
Seller/Originator	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	N/A; see the section of the Prospectus entitled "*The Issuer*" for further information.
Servicer	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	Appointed under the Servicing Deed; see the section of the Prospectus entitled "*Summary of the Principal Documents – Servicing Deed*" for further information.
Cash Manager	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	Appointed under the Cash Management Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents – Cash Management Agreement*" for further information.
Interest Rate Swap Provider	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	Appointed under the Interest Rate Swap Agreement; see the section of the Prospectus "*Summary of the Principal Documents – Interest Rate Swap*" for further information.
Covered Bond Swap Provider(s)	As specified in the Final Terms relating to each Series of Covered Bonds	As specified in the Final Terms relating to each Series of Covered Bonds	Appointed under the relevant Covered Bond Swap Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents –*

Party	Name	Address	Document under which appointed / Further Information
			Covered Bond Swap Agreements" for further information.
Account Bank	Leeds Building Society	105 Albion Street, Leeds LS1 5AS	Appointed under the Bank Account Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents –Bank Account Agreement*" for further information.
Stand-by Transaction Account Bank	Barclays Bank PLC	1 Churchill Place, Canary Wharf, London E14 5HP	Appointed under the Stand-by Transaction Account Agreement.
Stand-by GIC Provider	Barclays Bank PLC	1 Churchill Place, Canary Wharf, London E14 5HP	Appointed under the Stand-by Guaranteed Investment Contract.
Security Trustee	Deutsche Trustee Company Limited	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Appointed under the Deed of Charge; see the section of the Prospectus entitled "*Summary of the Principal Documents – Deed of Charge*" for further information.
Bond Trustee	Deutsche Trustee Company Limited	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Appointed under the Trust Deed; see the section of the Prospectus entitled "*Summary of the Principal Documents – Trust Deed*" for further information.
Registrar	Deutsche Bank Trust Company Americas	1761 East St. Andrew Place, Santa Ana, CA 92705 USA	Appointed under the Agency Agreement.
Principal Paying Agent and Agent Bank	Deutsche Bank AG, London Branch	Winchester House, 1 Great Winchester Street, London EC2N 2DB	Appointed under the Agency Agreement.
Exchange Agent and Transfer Agent	Deutsche Bank Trust Company Americas	1761 East St. Andrew Place, Santa Ana, CA 92705 USA	Appointed under the Agency Agreement.
Paying Agent	Deutsche Bank Trust Company Americas	1761 East St. Andrew Place, Santa Ana, CA 92705 USA	Appointed under the Agency Agreement.

Party	Name	Address	Document under which appointed / Further Information
Asset Monitor	Deloitte LLP	Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR	Appointed under the Asset Monitor Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents – Asset Monitor Agreement*" for further information.
Asset Pool Monitor	Deloitte LLP	Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR	Appointed under the Asset Monitor Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents – Asset Monitor Agreement*" for further information.
Corporate Services Provider	Structured Finance Management Limited	35 Great St. Helen's London EC3A 6AP	Appointed under the Corporate Services Agreement; see the section of the Prospectus entitled "*Summary of the Principal Documents – Corporate Services Agreement*" for further information.
Rating Agencies[1]	Moody's Investors Service Limited	One Canada Square, Canary Wharf, London E14 5FA	N/A
	Fitch Ratings Ltd.	30 North Colonnade, Canary Wharf, London E14 5GN	N/A

1. Unless otherwise specified in the applicable Final Terms each of the ratings set out in the Prospectus is supplied by Moody's and/or Fitch.

E SUMMARY OF THE TERMS AND CONDITIONS OF THE COVERED BONDS

Please refer to the section of the Prospectus entitled "Terms and Conditions of the Covered Bonds" for further detail in respect of the terms of the Covered Bonds.

Programme Size	Up to €7 billion (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution	Covered Bonds may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis, subject to the restrictions set forth in the section of the Prospectus entitled "*Subscription and Sale and Transfer and Selling Restrictions*".
Specified Currencies	Subject to any applicable legal or regulatory restrictions, such currency or currencies as may be agreed from time to time by the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms).
Issue Price	Covered Bonds may be issued at par or at a premium or discount to par on a fully-paid basis.
Form of Covered Bonds	The Covered Bonds will be issued in bearer or registered form as described in the section of the Prospectus entitled "*Form of the Covered Bonds*". The types of Covered Bonds that can be issued under the Programme include the following: • Fixed Rate Covered Bonds; • Floating Rate Covered Bonds; and • Zero Coupon Covered Bonds, in each case as specified in the applicable Final Terms.
Redemption	The applicable Final Terms relating to each Tranche of Covered Bonds will indicate either that the relevant Covered Bonds of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or if it becomes unlawful for any Term Advance to remain outstanding or following an Issuer Event of Default or an LLP Event of Default) or that such Covered Bonds will be redeemable at the option of the Issuer and/or the Covered Bondholders upon giving notice to the Covered Bondholders or the Issuer (as the case may be), on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer(s) (as set out in the applicable Final Terms). The applicable Final Terms may provide that Covered Bonds may be redeemable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.
Extendable obligations under the Covered Bond	The applicable Final Terms may also provide that the LLP's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts corresponding to

Guarantee	the Final Redemption Amount of the applicable Series of Covered Bonds on their Final Maturity Date (subject to applicable grace periods) may be deferred until the Extended Due for Payment Date. See the section of the Prospectus entitled "*Summary of Principal Documents – Trust Deed – Covered Bond Guarantee*".
Denomination of Covered Bonds	Covered Bonds will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination of each such Covered Bond will be at least €100,000 (or, if the Covered Bonds are denominated in a currency other than euro, at least the equivalent amount in such currency) or such other higher amount as may be required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency. Unless otherwise stated in the applicable Final Terms, the minimum denomination of each Definitive IAI Registered Covered Bond will be U.S.$500,000 or its approximate equivalent in other Specified Currencies and the minimum denomination of each Definitive Rule 144A Covered Bond will be U.S.$250,000 or its approximate equivalent in other Specified Currencies.
Taxation	All payments in respect of the Covered Bonds will be made without deduction or withholding for or on account of United Kingdom taxes, except as required by law. If any such deduction or withholding is made, the Issuer will, save in the limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts in respect of the amounts so deducted or withheld. Under the Covered Bond Guarantee, the LLP will not be liable to pay any such additional amounts payable by the Issuer under Condition 7 (*Taxation*).
Cross Default for Covered Bonds	If an LLP Acceleration Notice is served in respect of any one Series of Covered Bonds, then the obligation of the LLP to pay Guaranteed Amounts in respect of all Series of Covered Bonds then outstanding will be accelerated.
Status of the Covered Bonds	The Covered Bonds will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank pari passu without any preference among themselves and (save for any obligations required to be preferred by law) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.
Covered Bond Guarantee	Payment of Guaranteed Amounts in respect of the Covered Bonds when Due for Payment will be irrevocably guaranteed by the LLP. The obligations of the LLP to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the condition that an Issuer Event of Default occurs, an Issuer Acceleration Notice is served on the Issuer and a Notice to Pay is served on the LLP or, if earlier, an LLP Event of Default occurs and an LLP Acceleration Notice is served on the LLP. The obligations of the LLP under the Covered Bond Guarantee will accelerate against the LLP upon the service of an LLP Acceleration Notice. The obligations of the LLP under the Covered Bond Guarantee constitute direct obligations of the LLP secured against the assets from time to time of the LLP and recourse against the LLP is limited to such assets.
Ratings	Each Series of Covered Bonds to be issued under the Programme will have the rating set out in the applicable Final Terms. The credit ratings referred to in the

Prospectus have been issued by Fitch and/or Moody's each of which is a credit rating agency established in the European Union and registered under the CRA Regulation.

Governing Law The Covered Bonds will be governed by, and construed in accordance with, English law.

Issuer Events of Default As fully set out in Condition 9(a) (*Events of Default and Enforcement*), which broadly includes (where relevant, subject to the applicable grace period):

- non payment of interest or principal in respect of the Covered Bonds;
- breach of contractual obligations by the Issuer other than a breach of the Asset Coverage Test;
- the Issuer or any Material Subsidiary defaults on a payment or any indebtedness for monies borrowed having an outstanding principal amount of at least £10,000,000 or any such indebtedness becomes due and payable prior to its stated maturity by reason of a default of the Issuer;
- an administrative or other receiver or an administrator or other similar official is appointed in relation to the Issuer or any Material Subsidiary or if an encumbrancer takes possession of or a distress of execution is levied or enforced upon the whole or any material part of the assets of the Issuer or any Material Subsidiary and in any such case is not discharged within 60 days;
- if the Issuer ceases to carry on its business or substantially the whole of its business (except in any case in connection with a substitution pursuant to Condition 14 and Clause 22 of the Trust Deed), or for the purpose of or in connection with a reconstruction, union, transfer (of engagements or business), reorganisation, merger or amalgamation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution);
- if, except for the purposes of except for the purposes of a reconstruction or amalgamation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution of the Covered Bondholders or for the purposes of a solvent winding up where the assets of a Material Subsidiary attributable directly or indirectly to the Issuer are distributed to any one or more of the Issuer and the other Subsidiaries which are, or would as a result become, Material Subsidiaries, (a) a Material Subsidiary stops payment to its creditors generally or ceases to carry on the whole or, in the opinion of the Bond Trustee, substantially the whole of its business or (b) an order is made by any competent court or resolution is passed for the winding up or dissolution of any Material Subsidiary; or
- if an Asset Coverage Test Breach Notice has been served and not revoked on or before the third Calculation Date after service of such Asset Coverage Test Breach Notice.

LLP Events of Default

As fully set out in Condition 9(b) (*Events of Default, Acceleration and Enforcement*), which broadly includes (where relevant, subject to the applicable grace period):

- non-payment of Guaranteed Amounts;
- breach of contractual obligations by the LLP under the Transaction Documents;
- an order is made or a resolution passed for the liquidation or winding up of the LLP;
- the LLP ceases or threatens to cease to carry on its business or substantially the whole of its business except for the purpose of or in connection with a reconstruction, union, transfer (of engagements or business), reorganisation, merger or amalgamation the terms of which have previously been approved in writing by the Bond Trustee or by an Extraordinary Resolution;
- the LLP is unable or admits inability to pay its debts generally as they fall due or shall be adjudicated or found bankrupt or insolvent;
- proceedings are initiated against the LLP for its winding up, administration or dissolution or the giving of notice of intention to appoint an administrator or the appointment of a receiver or similar official;
- failure to satisfy the Amortisation Test on any Calculation Date following service of an Issuer Event of Default; or
- the Covered Bond Guarantee is not, or is claimed by the LLP not to be, in full force and effect.

F OVERVIEW OF RIGHTS OF COVERED BONDHOLDERS

Please refer to the section of the Prospectus entitled "Terms and Conditions of the Covered Bonds" for further detail in respect of the rights of Covered Bondholders, conditions for exercising such rights and relationship with other Secured Creditors.

Prior to an Issuer Event of Default and LLP Event of Default

Covered Bondholders holding more than 5 per cent. of the Principal Amount Outstanding of the Covered Bonds then outstanding are entitled to convene a Covered Bondholders' meeting or participate in a Covered Bondholders' meeting convened by the Issuer, LLP or Bond Trustee to consider any matter affecting their interests.

However, so long as no Issuer Event of Default has occurred, the Covered Bondholders are not entitled to instruct or direct the Issuer to take any actions, either directly or through the Bond Trustee, without consent of the Issuer and, if applicable, certain other transaction parties, unless the Issuer has an obligation to take such actions under the relevant Transaction Documents.

Following an Issuer Event of Default or an LLP Event of Default

No Covered Bondholder will be entitled to proceed directly against the Issuer or the LLP, or to take any action with respect to the Trust Deed, the Covered Bonds, the Coupons or the Security unless the Bond Trustee or the Security Trustee, as applicable, having become bound to proceed against the Issuer or the LLP, fail so to do within a reasonable time and such failure shall be continuing and unremedied.

Following an Issuer Event of Default, the Covered Bondholders may, by Extraordinary Resolution of all the Covered Bondholders or written resolution of the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then outstanding (which for this purpose means the Covered Bonds of a Series together with the Covered Bonds of any other Series constituted by the Trust Deed) as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Sterling converted into Sterling at the relevant Covered Bond Swap Rate) but in the happening of events set out in Condition 9(a)(ii) only if the Bond Trustee shall have concluded in its absolute discretion in writing to the Issuer and the LLP that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, provided that a breach of any obligation of the Issuer to provide notices, reports or other information to the relevant UK regulatory authority under the RCB Regulations and/or the RCB Sourcebook shall not, in itself, be considered materially prejudicial to the interest of Covered Bondholders by the Bond Trustee, direct the Bond Trustee to give notice (an **Issuer Acceleration Notice**) in writing to the Issuer that as against the Issuer (but not against the LLP under the Covered Bond Guarantee), each Covered Bond of each Series is immediately due and repayable provided that the Bond Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction. The Bond Trustee also has a general discretion to take such action following an Issuer Event of Default.

Following an LLP Event of Default, the Covered Bondholders may, by Extraordinary Resolution of all the Covered Bondholders or written

resolution of the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then Outstanding (which for this purpose means the Covered Bonds of a Series together with the Covered Bonds of any other Series constituted by the Trust Deed) as if they were a single Series (with the nominal amount of Covered Bonds not denominated in Sterling converted into Sterling at the relevant Covered Bond Swap Rate), but in the happening of the events set out in Condition 9(b)(ii), only if the Bond Trustee shall have certified in writing to the Issuer and the LLP that such event is, in its opinion, materially prejudicial to the interests of the Covered Bondholders of any Series, direct the Bond Trustee to give notice (an LLP Acceleration Notice) in writing to, *inter alios*, the LLP and the Issuer that each Covered Bond of each Series is, as against the Issuer, immediately due and repayable and all amounts payable by the LLP under the Covered Bond Guarantee are immediately due and repayable provided that the Bond Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction. The Bond Trustee also has a general discretion to take such action following an LLP Event of Default.

Covered Bondholder Meeting provisions

Notice Periods

Initial Meeting: 21 days for the initial meeting (exclusive of the day on which the notice is given and the day on which the meeting is to be held).

Adjourned Meeting: Unless convened on the requisition of Covered Bondholders, meetings shall reconvene without notice the same day in the next week (or if such day is a public holiday the next succeeding business day) at the same time and place, except for in the case of a meeting at which an Extraordinary Resolution is to be proposed in which case such meeting shall be adjourned for such period being no less than 13 clear days and no more than 42 clear days and to such place and time as determined. The notice period for such meeting shall be 10 days (exclusive of the day on which the notice is given and the day on which the meeting is to be held).

Quorum for Extraordinary Resolution

Initial Meeting: *Ordinary Resolution*

Not less than one-twentieth of the aggregate Principal Amount Outstanding of the Covered Bonds of the relevant Series for the time being outstanding shall (except for the purpose of passing an Extraordinary Resolution or a Programme Resolution) form a quorum for the transaction of business at the meeting.

Extraordinary Resolution or a Programme Resolution (other than a Series Reserved Matter

One or more persons holding or representing at least a clear majority of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds shall form a quorum of the transaction of business at the meeting.

Series Reserved Matter

One or more persons holding or representing not less than two-thirds of the aggregate Principal Amount Outstanding of the relevant Series of Covered Bonds shall form a quorum of the transaction of business at the meeting.

Adjourned Meeting: One or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies or representatives form a quorum provided that at any adjourned meeting the quorum for the transaction of business comprising any Series Reserved Matter shall be one or more persons present holding Bearer Definitive Covered Bonds or voting certificates or being proxies and holding or representing in the aggregate not less than one-third of the aggregate Principal Amount Outstanding of the Covered Bonds of such Series for the time being outstanding.

Required Majorities

Ordinary Resolution: At least 50 per cent. of votes cast for matters requiring Ordinary Resolution.

Extraordinary Resolution: At least 75 per cent. of votes cast for matters requiring Extraordinary Resolution.

Written Resolution: At least 75 per cent. of the Principal Amount Outstanding of the relevant class of Covered Bonds. A Written Resolution has the same effect as an Extraordinary Resolution.

Programme Resolution At least 75 per cent. of the aggregate Principal Amount Outstanding of the Covered Bonds then Outstanding.

Matters requiring Extraordinary Resolution

Broadly speaking, the following matters require an Extraordinary Resolution:

- a Series Reserved Matter;
- power to sanction any compromise or arrangement proposed to be made between the Issuer, the LLP, the Bond Trustee, the Security Trustee, any Appointee and the Covered Bondholders and Couponholders or any of them;

- power to sanction any abrogation, modification, compromise or arrangement in respect of the rights of the Bond Trustee, the Security Trustee, any Appointee, the Covered Bondholders, the Couponholders, the Issuer or the LLP or against any other or others of them or against any of their property whether such rights shall arise under the Trust Deed or the other Transaction Documents or otherwise;

- power to assent to any modification of the provisions of the Trust Deed or the other Transaction Documents which shall be proposed by the Issuer, the LLP, the Bond Trustee,the Security Trustee or any Covered Bondholder;

- power to sanction any consent or approval to be given by the Bond Trustee or the Security Trustee under or in relation to any of the Transaction Documents;

- power to give any authority or sanction which under the provisions of the Trust Deed is required to be given by Extraordinary Resolution;

- power to appoint any persons (whether Covered Bondholders or not) as a committee or committees to represent the interests of the Covered Bondholders and to confer upon such committee or committees any powers or discretions which the Covered Bondholders could themselves exercise by Extraordinary Resolution;

- power to approve of a person to be appointed a trustee and power to remove any trustee or trustees for the time being of the Trust Deed and/or the Deed of Charge;

- power to discharge or exonerate the Bond Trustee and/or any Appointee from all liability in respect of any act or omission for which the Bond Trustee may have become responsible under the Trust Deed and/or the Deed of Charge;

- power to authorise the Bond Trustee and/or any Appointee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution;

- power to sanction any scheme or proposal for the exchange or sale of the Covered Bonds for or the conversion of the Covered Bonds into or the cancellation of the Covered Bonds in consideration of shares, stock, covered bonds, bonds, debentures, debenture stock and/or other obligations and/or securities of the Issuer or any other company formed or to be formed, or for or into or in consideration of cash, or partly for or into or in consideration of such shares, stock, bonds, covered bonds, debentures, debenture stock and/or other obligations and/or securities as aforesaid and partly for or into or in consideration of cash and for the appointment of some person

with power on behalf of the Covered Bondholders to execute an instrument of transfer of the Registered Covered Bonds held by them in favour of the persons with or to whom the Covered Bonds are to be exchanged or sold respectively; and

- power to approve the substitution of any entity for the Issuer or the LLP (or any previous substitute) as principal debtor or guarantor under the Trust Deed.

Relationship between Series of Covered Bondholders

In connection with the exercise by it of any of its trusts, powers and discretions, the Bond Trustee and the Security Trustee shall have regard to the general interests of the holders of the Covered Bonds of each Series as a class. An Extraordinary Resolution passed at any meeting of the Covered Bondholders of a Series shall, subject as provided above, be binding on all the Covered Bondholders of such Series, whether or not they are present at the meeting. The Bond Trustee may convene a single meeting of the holders of Covered Bonds of more than one Series if in the opinion of the Bond Trustee there is no conflict between the holders of such Covered Bonds.

Relationship between Covered Bondholders and other Secured Creditors

In exercising any of its powers, trusts, authorities and discretions under the Trust Deed, the Covered Bonds, the Receipts or the Coupons or any other Transaction Document, the Bond Trustee shall only have regard to the interests of the holders of the Covered Bonds of all Series together as a single Series while any Covered Bonds are outstanding and shall not have regard to the interests of any other Secured Creditors.

Provision of Information to the Covered Bondholders

The Issuer provides monthly Investor Reports detailing, among other things, compliance with the Asset Coverage Test and certain characteristics of the underlying Portfolio. Investor Reports shall be posted on the website of the Leeds Building Society at http://www.leedsbuildingsociety.co.uk/treasury/covered-bonds-documents.html. The Investor Reports will not form part of the Prospectus. In addition, loan level data is provided on the Issuer's secure subscription-only website operated in accordance with the Bank of England transparency rules.

Communication with Covered Bondholders

Any notice to be given by the Issuer or the Bond Trustee to Covered Bondholders shall be given while the Covered Bonds are held in their entirety in global form by delivery of the relevant notice to the relevant Clearing System(s) for communication by that Clearing System to Covered Bondholders and any such notice shall be deemed to have been given to the Covered Bondholders on the day on which the said notice was given to the relevant Clearing System.

Outstanding

Means, in relation to the Covered Bonds of all or any Series, all the Covered Bonds of such Series issued other than:

(a) those Covered Bonds which have been redeemed pursuant to the trust presents;

(b) those Covered Bonds in respect of which the date (including, where applicable, any deferred date) for redemption in accordance with the Conditions has occurred and the redemption

monies (including all interest payable thereon) have been duly paid to the Bond Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Covered Bondholders in accordance with Condition 13 (*Notices*)) and remain available for payment of the relevant Covered Bonds and/or Receipts and/or Coupons;

(c) those Covered Bonds which have been purchased and cancelled in accordance with Conditions 6(i) (*Redemption and Purchase-Purchases*) and 6(j) (*Redemption and Purchase – Cancellation*);

(d) those Covered Bonds which have become void or in respect of which claims have become prescribed, in each case under Condition 8 (*Prescription*);

(e) those mutilated or defaced Covered Bonds which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Coupons and Talons*);

(f) (for the purpose only of ascertaining the Principal Amount Outstanding of the Covered Bonds outstanding and without prejudice to the status for any other purpose of the relevant Covered Bonds) those Covered Bonds which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 10 (*Replacement of Covered Bonds, Coupons and Talons*); and

(g) any Global Covered Bond to the extent that it shall have been exchanged for definitive Covered Bonds or another Global Covered Bond pursuant to its provisions, the provisions of the trust presents and the Agency Agreement;

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of the holders of the Covered Bonds of any Series;

(ii) the determination of how many and which Covered Bonds of any Series are for the time being outstanding for the purposes of Clause 10.1 (*Proceedings, Action And Indemnification*) of the Trust Deed, Conditions 9 (*Events of Default and Enforcement*) and 14 (*Meetings of Covered Bondholders, Modification, Waiver and Substitution*) and paragraphs 2, 5, 6, and 9 of Schedule 4 (*Provisions of Meetings for Covered Bondholders*) to the Trust Deed;

(iii) any discretion, power or authority (whether contained in the trust presents or vested by operation of law) which the Bond Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the holders of the Covered Bonds of any Series; and

(iv) the determination by the Bond Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the holders of the Covered Bonds of any Series,

those Covered Bonds of the relevant Series (if any) which are for the time being held by or on behalf of the Issuer or the LLP, in each case as beneficial owner, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

G CREDIT STRUCTURE AND CASHFLOW

Please refer to the sections of the Prospectus entitled "Credit Structure" and "Cashflows" for further detail in respect of the credit structure and cash flow of the transaction.

Credit Support

There are a number of features of the Programme which enhance the likelihood of timely and, as applicable, ultimate payments to holders of the Covered Bonds, as follows:

- *Covered Bond Guarantee:* following the service of a Notice to Pay on the LLP, the LLP is required to pay Scheduled Interest and Scheduled Principal on the Covered Bonds of each Series when the same are Due for Payment;

- *Asset Coverage Test:* for so long as Covered Bonds remain outstanding and no Notice to Pay or LLP Acceleration Notice has been served on the LLP, the LLP and the Seller (in its capacity as Member) must ensure that on each Calculation Date, the Adjusted Aggregate Loan Amount will be in an amount equal to or in excess of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that Calculation Date;

- *Amortisation Test*: following an Issuer Event of Default, service of an Issuer Acceleration Notice on the Issuer and the service of a Notice to Pay on the LLP (but prior to service on the LLP of an LLP Acceleration Notice and/or the commencement of winding-up proceedings against the LLP and/or realisation of the Security), the assets of the LLP available to meet its obligations under the Covered Bond Guarantee fall to a level where the Covered Bondholders may not be repaid, an LLP Event of Default will occur and all amounts owing under the Covered Bonds may be accelerated. Under the LLP Deed, the LLP and the Seller (in its capacity as Member) must ensure that, on each Calculation Date following an Issuer Event of Default and the service of a Notice to Pay on the LLP, the Amortisation Test Aggregate Loan Amount will be in an amount at least equal to the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date;

- *Reserve Fund*: a Reserve Fund will be established to trap Available Revenue Receipts up to the Reserve Fund Required Amount so long as the Issuer has ratings below P-1 by Moody's;

- *LBS Reserve Fund*: a LBS Reserve Fund will be established to trap Available Revenue Receipts up to the LBS Reserve Fund Required Amount so long as the Issuer has ratings below F1+ by Fitch);

- *Bank Account Agreement*: under the terms of the Bank Account Agreement, the Account Bank has agreed to pay a variable rate

of interest on all amounts held by the LLP in the GIC Account at a rate of 0/30 per cent. per annum below LIBOR for one-month Sterling deposits or such greater amount as the LLP and the Account Bank may agree from time to time;

- *Guaranteed Investment Contract*: under the terms of the Stand-by GIC Agreement, the Stand-by GIC Provider has agreed to pay a variable rate of interest on all amounts held by the LLP in the Stand-by GIC Account at a rate of 0.30 per cent. per annum below LIBOR for one-month Sterling deposits or such greater amount as the LLP and the Stand-by GIC Provider may agree from time to time;

- *Required Coupon Amount:* the pre-funding of the Required Coupon Amount on each LLP Payment Date following a Cash Manager Relevant Event and the delivery of irrevocable payment instructions in advance of such amounts becoming due for payment will enhance the likelihood of timely payments to the Covered Bondholders.

Payments by the Issuer

Until a Notice to Pay or LLP Acceleration Notice is served on the LLP, the Covered Bonds will be obligations of the Issuer only. The Issuer is liable to make payments when due on the Covered Bonds, whether or not it has received any corresponding payment from the LLP.

Available Funds of the LLP

The LLP will have Available Revenue Receipts and Available Principal Receipts available to it. Prior to service of an Asset Coverage Test Breach Notice, a Notice to Pay or an LLP Acceleration Notice on the LLP and/or realisation of the Security and/or the commencement of winding-up proceedings against the LLP, Available Revenue Receipts will be applied by the LLP to make payments of interest due on the Term Advances and to pay Deferred Consideration to the Seller in respect of the Loans sold by the Seller to the LLP and Available Principal Receipts will be applied by the LLP to make payments of principal due on the Term Advances and Capital Distributions to the Members, but in each case only after payment of certain items ranking higher in the Pre-Acceleration Principal Priority of Payments.

Following the service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or an LLP Acceleration Notice and/or the realisation of the Security and/or the commencement of winding-up proceedings against the LLP, Available Revenue Receipts and Available Principal Receipts will be applied by the LLP as set out in the Pre-Acceleration Priorities of Payment, except that:

- in respect of Available Revenue Receipts, no further amounts will be paid to the Issuer under the Intercompany Loan Agreement, towards any indemnity amount due to the Members pursuant to the LLP Deed or any indemnity amount due to the Asset Monitor pursuant to the Asset Monitor Agreement, towards any Deferred Consideration or towards any profit for the Members' respective interests in the LLP (but payments will, for the avoidance of doubt, continue to be made under the relevant

Swap Agreements); and

- in respect of Available Principal Receipts, no payments will be made other than into the GIC Account or, as applicable, the Stand-by GIC Account after exchange (if required) in accordance with the relevant Covered Bond Swap.

Following the service of a Notice to Pay on the LLP (but prior to an LLP Event of Default and service of an LLP Acceleration Notice on the LLP and/or realisation of the Security and/or the commencement of winding-up proceedings against the LLP) the LLP will apply Available Revenue Receipts and Available Principal Receipts to pay Guaranteed Amounts in respect of the Covered Bonds when the same shall become Due for Payment subject to paying certain higher ranking obligations of the LLP in the Guarantee Priority of Payments. In such circumstances, the Members of the LLP, including the Seller, will only be entitled to receive any remaining income of the LLP after all amounts due under the Covered Bond Guarantee in respect of the Covered Bonds have been paid in full or have otherwise been provided for.

Available Revenue Receipts, as defined in the Prospectus, will, broadly, include the following:

- Revenue Receipts received during the previous Calculation Period and credited to the Revenue Ledger on the LLP Accounts (but, for the avoidance of doubt, excluding any Revenue Receipts received in the Calculation Period beginning in the month in which the relevant Calculation Date falls);

- other net income of the LLP including all amounts of interest received on the LLP Accounts, the Substitution Assets and Authorised Investments in the previous Calculation Period but excluding amounts received by the LLP under the Interest Rate Swap Agreement or a Covered Bond Swap Agreement (other than any premium received by the LLP not used to make a termination payment or any termination payment received by the LLP not used to pay any premium and any amounts credited to the Reserve Ledger in accordance with Clause 13.5 or Clause 17.7 of the LLP Deed);

- prior to the service of a Notice to Pay amounts standing to the credit of the Reserve Fund in excess of the Reserve Fund Required Amount and amounts standing to the credit of the LBS Reserve Fund in excess of the LBS Reserve Fund Required Amount;

- any other Revenue Receipts not referred to above received during the previous Calculation Period;

- amounts standing to the credit of the Coupon Payment Ledger in excess of the Required Coupon Amount for the next following LLP Payment Date; and

- following the service of a Notice to Pay amounts standing to

the credit of the Reserve Fund;

excluding (for the avoidance of doubt):

- Third Party Amounts, which shall be paid on receipt in cleared funds to the Seller;
- Swap Collateral Excluded Amounts;
- Tax Credits and any amount received by the LLP in respect of Tax Credits;
- sums previously provided for to meet future obligations under the Covered Bond Swap Agreements pursuant to (i) item (e) of the Pre-Acceleration Revenue Priority of Payments and/or (ii) item (e) of the Guarantee Priority of Payments;
- Swap Provider Tax Payments received from the Swap Providers;
- any amount standing to the credit of the Coupon Payment Ledger representing the Required Coupon Amount as at the next following LLP Payment Date; and
- any amount standing to the credit of the Interest Accumulation Ledger.

Available Principal Receipts, as defined in the Prospectus, will, broadly, include the following:

- the amount of Principal Receipts received during the immediately preceding Calculation Period and credited to the Principal Ledger on the LLP Accounts (but, for the avoidance of doubt, excluding any Principal Receipts received in the Calculation Period beginning in the month in which the relevant Calculation Date falls);
- any other amount standing to the credit of the Principal Ledger including (i) the proceeds of any Term Advance (where such proceeds have not been applied to acquire New Portfolios or invest in Substitution Assets), (ii) any Cash Capital Contributions received from a Member (other than any Cash Capital Contribution (a) to the extent representing any Required Coupon Amount or any Required Coupon Amount Shortfall or (b) to fund the Reserve Fund up to the Reserve Fund Required Amount and/or, as applicable, to fund the LBS Reserve Fund up to the LBS Reserve Fund Required Amount); and (iii) the proceeds from any sale of Selected Loans pursuant to the terms of the LLP Deed or the Mortgage Sale Agreement but excluding any amount of principal received under the Covered Bond Swap Agreements; and (iv) any amounts credited in accordance with Clause 14.7 or Clause 17.7 of the LLP Deed; and

- any Excess Proceeds,

excluding (*for the avoidance of doubt*)

- any Swap Collateral Excluded Amounts;
- Tax Credits and any amount received by the LLP from a Member in respect of Tax Credits;
- sums previously provided for to meet future obligations under the Covered Bond Swap Agreements pursuant to (i) item (c) of the Pre-Acceleration Principal Priority of Payments and/or (ii) item (f) of the Guarantee Priority of Payments; and
- Swap Provider Tax Payments received from Swap Providers.

Breach of the Asset Coverage Test

A breach of the Asset Coverage Test on a Calculation Date which is not remedied by the immediately succeeding Calculation Date will require the Bond Trustee to serve an Asset Coverage Test Breach Notice on the LLP and the LLP or the Issuer shall send notice of the same to the FCA pursuant to the RCB Regulations. The Asset Coverage Test Breach Notice will be revoked if, on any Calculation Date falling on or prior to the third Calculation Date following service of an Asset Coverage Test Breach Notice, the Asset Coverage Test is satisfied and neither a Notice to Pay nor an LLP Acceleration Notice has been served.

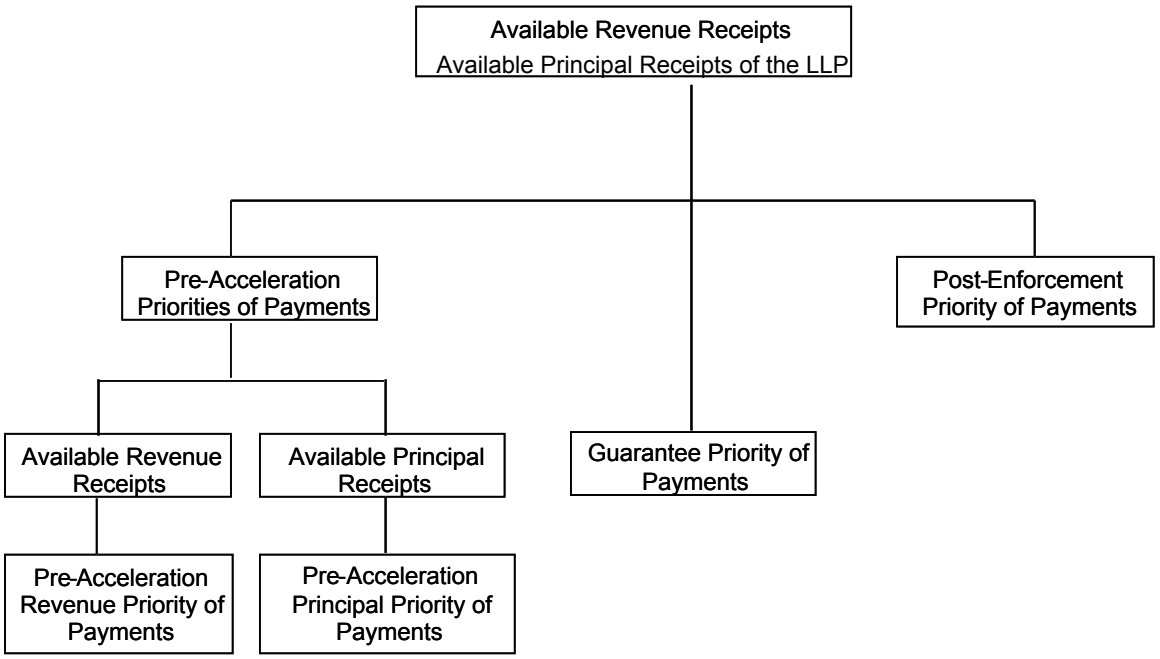
If an Asset Coverage Test Breach Notice has been served and not revoked on or before the third Calculation Date after service of such Asset Coverage Test Breach Notice, then an Issuer Event of Default shall occur and the Bond Trustee shall be entitled (and, in certain circumstances, may be required) to serve an Issuer Acceleration Notice on the Issuer. On the occurrence of an Issuer Event of Default, the Issuer shall give notice of the same to the FCA pursuant to the RCB Regulations. Following service of an Issuer Acceleration Notice, the Trustee must serve a Notice to Pay on the LLP.

For so long as an Asset Coverage Test Breach Notice is outstanding and has not been revoked, the LLP may not borrow any new Term Advances (and the Issuer may not make any new Term Advances) under the Intercompany Loan Agreement, the LLP may be required, if it does not take certain other action, to sell Selected Loans and prior to the occurrence of an Issuer Event of Default and service of an Issuer Acceleration Notice or, if earlier, the occurrence of an LLP Event of Default and service of an LLP Acceleration Notice, the Pre-Acceleration Revenue Priority of Payments and the Pre-Acceleration Principal Priority of Payments will be modified as more particularly described in the section of the Prospectus entitled "*Cashflows - Allocation and distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice*".

Following service of an Issuer Acceleration Notice on the Issuer and the LLP, the Bond Trustee must serve a Notice to Pay on the LLP.

Overview of Priorities of Payments

Below is a summary of the Priorities of Payments. Please refer to the section of the Prospectus entitled "*Cash flows*" for further detail.



A		B	C
Prior to the occurrence of any of the events in columns B or C		**From (and including) service of an Issuer Acceleration Notice, or a Notice to Pay (prior to service of an LLP Acceleration Notice and/or realisation of the Security and/or commencement of winding-up proceedings against the LLP)**	**From (and including) the occurrence of an LLP Event of Default**
Pre-Acceleration Priorities of Payments		**Guarantee Priority of Payments**	**Post-Enforcement Priority of Payments**
Revenue	**Principal**		
1. In and towards satisfaction *pro rata* and *pari passu* of amounts due and payable to: (a) Bond Trustee; and (b) Security Trustee	1. To the acquisition of New Loans to ensure compliance with the Asset Coverage Test	1. In and towards satisfaction *pro rata* and *pari passu* of amounts due and payable to: (a) Bond Trustee; and (b) Security Trustee	1. In and towards satisfaction *pro rata* and *pari passu* of amounts due and payable to: (a) Bond Trustee; (b) Security Trustee and any Receiver; (c) Agents; (d) Senior expenses, e.g. Servicer, Cash Manager, Account Bank (or as applicable, the Stand-by Transaction Account Bank and the Stand-by GIC Provider), Corporate Services Provider, Asset Monitor; (e) Interest Rate Swap Provider(s) (other than Excluded Swap Termination Amounts); and

			(f) Covered Bond Swap Provider(s) (other than Excluded Swap Termination Amounts) and interest and principal in respect of the Covered Bonds
2. In or towards satisfaction *pro rata* and *pari passu* of amounts due and payable to: (a) Agents; and (b) Third Parties	2. Deposit the remaining Principal Receipts into the GIC Account or Stand-by GIC Account, as applicable to ensure compliance with the Asset Coverage Test	2. In and towards satisfaction *pro rata* and *pari passu* of amounts due and payable to: (a) Agents; and (b) Third Parties	2. *Pro rata* and *pari passu* of any Excluded Swap Termination Amounts to the relevant Swap Provider
3. In and towards satisfaction *pro rata* and *pari passu* to the Servicer, Cash Manager, Account Bank (or as applicable, the Stand-by Transaction Account Bank and the Stand-by GIC Provider), Corporate Services Provider, Asset Monitor (excluding Indemnity Amounts)	3. In or towards repayment *pro rata* and *pari passu* or to provide for payment of: (a) principal amounts to the Covered Bond Swap Provider(s) (other than Excluded Swap Termination Amounts); and (b) payments of principal under the relevant Term Advance under the Intercompany Loan Agreement	3. In and towards satisfaction *pro rata* and *pari passu* to the Servicer, Cash Manager, Account Bank (or as applicable, the Stand-by Transaction Account Bank and the Stand-by GIC Provider), Corporate Services Provider, relevant UK regulatory authority under the RCB Regulations, Asset Monitor (excluding Indemnity Amounts	3. After the Covered Bonds have been fully repaid, Amounts outstanding under the Intercompany Loan Agreement
4. To the Interest Rate Swap Provider(s) (other than Excluded Swap Termination Amounts) except to the extent that such amounts have been paid out of any premium received from the replacement Interest Rate Swap Provider)	4. Subject to complying with the Asset Coverage Test, to make a Capital Distribution *pro rata* and *pari passu* to each Member (other than the Designated Members) (or if the Society is not a Member, towards repayment of the Issuer Subordinated Loan) in	4. To the Interest Rate Swap Provider(s) (other than Excluded Swap Termination Amounts) except to the extent that such amounts have been paid out of any premium received from the replacement Interest Rate Swap Provider)	4. *Pro rata* and *pari passu* of any indemnity amounts due to the Members pursuant to the LLP Deed and certain costs, expenses and indemnity amounts overdue to the Asset Monitor

	accordance with the LLP Deed		
5. In or towards payment p*ro rata* and *pari passu* or to provide for payment of (a) Non principal amounts to the Covered Bond Swap Provider(s) (including any termination payment, but excluding any Excluded Swap Termination Amounts); (b) Non principal amounts under the relevant Term Advance under the Intercompany Loan Agreement (other than amounts to be paid in accordance with 6 below); and (c) a credit to the Interest Accumulation Funds Ledger in relation to any Accumulation Series of Covered Bonds		5. To pay *pro rata* and *pari passu* or to provide for: (a) Non principal amounts to the Covered Bond Swap Provider(s); (b) Scheduled Interest that is Due for Payment under the Covered Bond Guarantee in respect of the Covered Bonds; and (c) a credit to the Interest Accumulation Funds Ledger in relation to any Accumulation Series of Covered Bonds (provided that any shortfall will be divided amongst all Series of Covered Bonds on a *pro rata* basis).	5. Payment to the Members (and if the Society is not a Member, towards repayment of the Issuer Subordinated Loan) pursuant to the LLP Deed

6. If a Cash Manager Relevant Event has occurred and is continuing, in or towards a deposit to the GIC Account or, as applicable, the Stand-by GIC Account (with a corresponding credit to the Coupon Payment Leger)		6. To pay *pro rata* and *pari passu* or to provide for: (a) Principal amounts to the Covered Bond Swap Provider(s); and (b) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent Scheduled Principal that is Due for Payment (provided that any shortfall will be divided amongst all Series of Covered Bonds on a pro rata basis).	
7. if a Servicer Event of Default has occurred all remaining Available Revenue Receipts to be credited into the GIC Account or, as applicable, the Stand-by GIC Account		7. Where the Extended Due for Payment Date applies and the Final Redemption Amount was not paid in full by the Extension Determination Date and any relevant Covered Bond Swap in respect thereof on a *pro rata* and *pari passu* basis: (a) Principal amounts to the Covered Bond Swap Provider; and (b) to the Bond Trustee or (if so directed by the Bond Trustee) the Principal Paying Agent the Final Redemption Amount or the relevant proportion thereof under the Covered Bonds Guarantee	

		(provided that any shortfall will be divided amongst all Series of Covered Bonds on a pro rata basis).	
8. *Pro rata* and *pari passu* to (a) the Reserve Ledger on the GIC Account or Stand-by GIC Account, if applicable and (b) (if applicable) the LBS Reserve Ledger		8. Deposit into the GIC Account or Stand-by GIC Account, as applicable, to make the above payments on the following LLP Payment Date	
9. *Pro rata* and *pari passu* of any Excluded Swap Termination Amounts to: (a) each Covered Bond Swap Provider; and (b) the Interest Rate Swap Provider		9. Payment *pro rata* and *pari passu* to the relevant Swap Provider of any Excluded Swap Termination Amounts	
10. *Pro rata* and *pari passu* indemnity amounts due to: (a) the Members; and (b) the Asset Monitor		10. Amounts outstanding under the Intercompany Loan Agreement	
11. Repayment of any Cash Capital Contributions made by the Society to credit the Coupon Payment Ledger, if applicable		11. Payment pro rata and pari passu of any indemnity amounts due to the Members and the Asset Monitor	
12. Payment of amounts (except for an amount equal to the amounts below) to the Seller as Deferred Consideration		12. Any remaining monies will be applied in accordance with the LLP Deed	

13. Fee due of £50 (inclusive of any VAT) to each Designated Member			
14. *Pro rata* and *pari passu* payment of profit to the Members			

Changes to Pre-Acceleration Priorities of Payment following service of an Asset Coverage Test Breach Notice (which has not been revoked)

After service of an Asset Coverage Test Breach Notice (which has not been revoked) but prior to service of a Notice to Pay or an LLP Acceleration Notice, the LLP will apply Available Revenue Receipts and Available Principal Receipts as described in column A above subject to the following changes while any Covered Bonds remain outstanding:

(a) in respect of Available Revenue Receipts, no amounts will be paid:

(i) to the Issuer under the Intercompany Loan Agreement set out in item 5(b) of column A above);

(ii) towards any indemnity amount due to the Members or Asset Monitor (as set out in item 10(a) of column A above);

(iii) towards any Deferred Consideration (as set out in item 12 of column A above); and

(iv) to the Society as Member in respect of the Cash Capital Contribution to the Coupon Payment Ledger (as set out in item 11 of column A above) or any profit or fee to the Members (as set out in items 10 and 14 of column A above); or

(b) in respect of Available Principal Receipts, no payments will be made other than:

(i) into the GIC Account or Stand-by GIC Account after exchange (if required) in accordance with the relevant Covered Bond Swap; and

(ii) to the Covered Bond Swap Providers, pro rata and pari passu, in respect of amounts (in respect of principal) due or to become due and payable.

See further the section of the Prospectus entitled "*Cashflows – Allocation and Distribution of Available Revenue Receipts and Available Principal Receipts following service of an Asset Coverage Test Breach Notice*".

Bank Accounts and Cash Management

Collections of revenue and principal in respect of the Loans and Related Security comprised in the Portfolio are received by the Seller in to its collection account and swept into the GIC Account or, if applicable, the Stand-by GIC Account.

Summary of key terms of the Swap Agreements

The LLP will enter into the Interest Rate Swap in connection with the Programme. The Interest Rate Swap will have the key commercial terms set out below:

Interest Rate Swap

- the LLP will pay a sterling amount calculated by reference to a notional amount equal to the aggregate principal balance of a

portfolio of Loans and a blended rate as determined pursuant to the terms of the Interest Rate Swap Agreement;

- the Interest Rate Swap Provider will pay a sterling amount calculated by reference to the same notional amount and a floating rate which is determined by reference to one-month Sterling LIBOR; and

- payments by both the LLP and the Interest Rate Swap Provider will be made monthly on each LLP Payment Date.

See "*Summary of the Principal Documents – Interest Rate Swap Agreement*" in the Prospectus for further information.

Covered Bond Swaps

For any Series of Covered Bonds the LLP may enter into a Covered Bond Swap with the Covered Bond Swap Provider.

Under the Covered Bond Swaps which hedge foreign currency risk on the relevant Issue Date, the LLP will pay to the Covered Bond Swap Provider the amount received by the LLP under the applicable Term Advance (being an amount equal to the gross proceeds of issue of such Series or Tranche, as applicable, of Covered Bonds) and in return the Covered Bond Swap Provider will pay to the LLP the Sterling Equivalent of the applicable Term Advance. Thereafter, the Covered Bond Swap Provider will pay to the LLP on each Interest Payment Date an amount equal to the amounts that would be payable by the LLP under either the applicable Term Advance in accordance with the terms of the Intercompany Loan Agreement or the Covered Bond Guarantee in respect of interest and principal payable under the relevant Series or Tranche of Covered Bonds. In return, the LLP will periodically pay to the Covered Bond Swap Provider on the date specified in the relevant Covered Bond Swap Agreement an amount in Sterling calculated by reference to Sterling LIBOR for one month Sterling deposits for the relevant Interest Period plus a spread and the Sterling Equivalent of any principal due to be repaid in respect of the relevant Term Advance in accordance with the Intercompany Loan Agreement or Covered Bond Guarantee.

See "*Summary of the Principal Documents – Covered Bond Swap Agreements*" in the Prospectus for further information.

H PORTFOLIO AND SERVICING

Please refer to the sections entitled "The Portfolio", "Summary of the Principal Documents – Mortgage Sale Agreement" and "Summary of the Principal Documents – Servicing Deed" in the Prospectus for further detail in respect of the characteristics of the Portfolio and the sale and servicing arrangements in respect of the Portfolio.

Sale of Portfolio

The Portfolio will consist of the Loans and their Related Security which will be sold to the LLP from time to time.

Each English Loan and the Related Security will be governed by English law, each Scottish Loan and the Related Security will be governed by Scottish law and each Northern Irish Loan and the Related Security will be governed by Northern Irish law,

Please refer to the section of the Prospectus entitled "*Summary of the Principal Documents – Mortgage Sale Agreement – Sale by the Seller of Loans and Related Security*" for further detail in respect of the sale of the Portfolio.

Features of Mortgage Loans

The following is a summary of certain features of the Loans as at the date of the Prospectus.

Type of Borrower	Prime
Type of mortgage	Repayment and Interest only
Self-certified Loans	No
Fast-track Loans	No
Buy-to-let Loans	Yes

Consideration

Consideration payable by the LLP in respect of the sale of the Portfolio will be any combination of (i) a cash payment paid by the LLP; (ii) the Seller being treated as having made a Capital Contribution in Kind to the LLP (in an amount up to the difference between the True Balance of the Loans sold by the Seller to the LLP as at the relevant Transfer Date and the cash payment (if any) paid by the LLP for such Loans); and/or (iii) Deferred Consideration.

Eligibility Criteria

Any Loans and their Related Security must comply with, among other things, the following criteria on the relevant Transfer Date (subject to certain exceptions if the Transfer Date is an Issue Date):

- there shall have been neither an Issuer Event of Default nor an LLP Event of Default which is continuing as at the relevant Transfer Date;
- the LLP, acting on the advice of the Cash Manager, is not aware, and could not reasonably be expected to be aware, that the purchase of the New Portfolio on the relevant Transfer Date will adversely affect the then current rating by Moody's or Fitch of the Covered Bonds;

- The weighted average yield on the Loans in the Portfolio (including the loans which it is proposed will be New Loans) is at least 0.15 per cent. greater than LIBOR for one-month sterling deposits after taking into account (i) the weighted average yield on the Loans; and (ii) the margins on the Interest Rate Swap and any additional interest rate swaps entered into by the LLP; and (iii) the average yield on any Substitution Assets held by the LLP;

- if the sale of loans which it is proposed will be New Loans on the relevant Transfer Date includes the sale of New Loan Types to the LLP, the Security Trustee has received Rating Agency Confirmation that such New Loan Types may be sold to the LLP; andthe percentage of the Loans in the Portfolio that are buy-to-let (including the loans which it is proposed will be New Loans) will not exceed 15%.

Representations and Warranties

The Seller will make the relevant Representations and Warranties on the relevant Transfer Date in respect of the Loans and Related Security to be sold to the LLP only on that date.

The Representations and Warranties will include (but not be limited to) representations and warranties in relation the following matters:

- legal nature of the True Balance on each Loan and its Related Security (*i.e.* the valid, binding and enforceable nature of the relevant Loan and the Related Security);

- Subject to certain exceptions in relation to a Right to Buy Loan, first ranking Security in respect of properties located in England and Wales, Scotland and Northern Ireland;

- True Balance not exceeding £1,000,000;

- At least one monthly payment due in respect of each Loan have been paid by the relevant Borrower; and

- each loan has a remaining term of less than 50 years as at the relevant Transfer Date.

Please refer to the section of the Prospectus entitled "*Summary of the Principal Documents – Mortgage Sale Agreement – Representations and Warranties*" for further information.

Repurchase of the Loans

The Seller will re-purchase the relevant Loans and their Related Security upon receipt of a Repurchase Notice from the LLP identifying a Loan or its Related Security in the Portfolio which did not, as at the relevant Transfer Date or Calculation Date, materially comply with the Representations and Warranties set out in the Mortgage Sale Agreement.

Prior to the occurrence of an Issuer Event of Default, the Seller may from time to time offer to repurchase a Loan and its Related Security from the

LLP for a purchase price of not less than the aggregate True Balance of the relevant Loan and the LLP may accept such offer at its discretion.

Consideration for Repurchase

Consideration payable by the Seller in respect of the repurchase of the Loans shall be equal to an amount (not less than zero) equal to the True Balance of the relevant Loan.

Sale of Selected Mortgage Loans

Following the service of an Asset Coverage Test Breach Notice (which has not been revoked), and/or service of a Notice to Pay (prior to service of an LLP Acceleration Notice and/or realisation of the Security and/or commencement of winding-up proceedings against the LLP) will mean that the LLP will be obliged to sell Selected Loans and their Related Security, subject to the rights of pre-emption enjoyed by the Seller to buy the Selected Loans and their Related Security pursuant to the Mortgage Sale Agreement, if certain other prescribed actions are not taken within a specified period. The proceeds from any such sale or refinancing will be credited to the GIC Account or the Stand-by GIC Account, as applicable, and applied as set out in the relevant Priorities of Payments. If the LLP is required to sell Selected Loans and their Related Security, the LLP will ensure that (a) the Selected Loans have been selected from the Portfolio on a random basis and (b) the amount that the LLP is required to receive for the sale of such Selected Loans will vary depending on the occurrence of the event that requires such sale (as described further under the section of the Prospectus entitled "*Summary of the Principal Documents - LLP Deed – Method of Sale of Selected Loans*").

Perfection Events

Transfer of the legal title to the relevant Loans and their Related Security (or, where specified, of the Selected Loans and their Related Security) will be completed on or before the 20th Business Day after the earliest of the following:

- either: (i) the occurrence of an Issuer Event of Default under Condition 9(a)(i) to (vi) and service on the Issuer of an Issuer Acceleration Notice and the service on the LLP of a Notice to Pay; or (ii) if the Bond Trustee has previously served on the Issuer an Issuer Acceleration Notice and served on the LLP a Notice to Pay in respect of an Issuer Event of Default under Condition 9(a)(vii), then the occurrence of any other Issuer Event of Default;

- a written direction is received by the Issuer from the FCA requiring the transfer of all of the engagements or the business of the Issuer to another entity in circumstances where the rights of borrowing members of the Society will cease (provided that, where approval of the transfer is required by either the relevant UK regulatory authority or by applicable law from the members of the Issuer, such approval is obtained);

- in respect of Selected Loans only, at the request of the LLP following the acceptance of any offer to sell the Selected Loans and their Related Security to any person who is not the Seller;

- the Seller and/or the LLP being required: (i) by law; (ii) by an order of a court of competent jurisdiction; (iii) by a regulatory authority which has jurisdiction over the Seller; or (iv) by any organisation of

which the Seller is a member, or whose members comprise, but are not necessarily limited to, mortgage lenders and with whose instructions it is customary for the Seller to comply, to perfect legal title to the Loans; and

- the Seller requesting a transfer by way of assignment or assignation (as appropriate) by giving notice in writing to the LLP and the Security Trustee.

Prior to the completion of the transfer of legal title to the Loans, the LLP will hold only the equitable title to those Mortgage Loans and will therefore be subject to certain risks as set out in the section of the Prospectus entitled "*Risk Factors – Risk Factors Relating to the LLP - The LLP does not have legal title to the Loans in the Portfolio on the relevant Transfer Date*".

Servicing of the Mortgage Portfolio

The Servicer will be appointed by the Seller and the LLP to service the Portfolio on a day-to-day basis. The appointment of the Servicer may be terminated by the LLP or the Security Trustee upon occurrence of the following events (each a **Servicer Termination Event**):

- the Servicer defaults in the payment of any amount due to the LLP under the Servicing Deed and fails to remedy that default for a period of three Business Days after the earlier of the Servicer becoming aware of the default and receipt by the Servicer of written notice from the Security Trustee or the LLP requiring the same to be remedied;

- the Servicer fails to comply with any of its other obligations under the Servicing Deed, which failure in the opinion of the Security Trustee is materially prejudicial to the Covered Bondholders, and the Servicer does not remedy that failure within the earlier of 20 Business Days after becoming aware of the failure and receipt by the Servicer of written notice from the LLP or the Security Trustee requiring the Servicer's non-compliance to be remedied;

- an Insolvency Event occurs in relation to the Servicer; or

- the LLP resolves that the appointment of the Servicer should be terminated.

Subject to the fulfilment of a number of conditions the Servicer may also resign upon giving not less than 12 months' written notice to the Security Trustee and the LLP, including that a substitute servicer qualified to act as such under the FSMA and with a management team with experience of managing mortgages in the United Kingdom has been appointed and enters into a servicing deed with the LLP substantially on the same terms as the Servicing Deed.

Delegation

The Servicer may sub-contract or delegate some of its servicing function to a third party provided that it meets conditions as set out in the Servicing Deed (as to which see "*Summary of the Principal Documents- Servicing Deed - Removal or resignation of the Servicer*" of the Prospectus).

I TRIGGERS TABLES

Rating Triggers Table – Transaction Parties

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
Issuer	Short term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least P-1 by Moody's.	• Issuer required to establish and maintain Reserve Fund;
	Short term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least F1+ by Fitch.	• Issuer required to establish and maintain LBS Reserve Fund;
Interest Rate Swap Provider	**Initial downgrades:**	
	Moody's: If both the Interest Rate Swap Provider and guarantor under an Eligible Guarantee (as defined in the Interest Rate Swap Agreement) are rated less than: (a) "Prime-1" (for the entity's short-term, unsecured and unsubordinated debt obligations) and A2 (for the entity's long-term, unsecured and unsubordinated debt or counterparty obligations); or (b) if not subject to a short-term rating, A1 (for the entity's long-term, unsecured and unsubordinated debt or counterparty obligations).	• Interest Rate Swap Provider to provide collateral for its obligations under the Interest Rate Swap Agreement; • Interest Rate Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become a co-obligor or guarantor in respect of its obligations under the Interest Rate Swap Agreement; • Termination of the Interest Rate Swap Agreement (if the steps above are not taken within the timing specified in the Interest Rate Swap Agreement).
	Fitch: If the short-term, unsecured, unsubordinated and unguaranteed	• Interest Rate Swap Provider to provide collateral for its obligations under the Interest Rate Swap

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
	debt obligations of the Interest Rate Swap Provider (or its successor) ceases to be rated at least as high as F1 If the long-term, unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider (or its successor) ceases to be rated at least as high as A (and, at such time, the short-term, unsecured, unsubordinated and unguaranteed debt obligations of any co-obligor are not rated as high as F1 or the long-term, unsecured and unsubordinated debt olbgations of any co-obligor are not rated as high as A)	Agreement within 30 calendar days; • Interest Rate Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become a co-obligor in respect of its obligations under the Interest Rate Swap Agreement within 30 calendar days; • Interest Rate Swap Provider to arrange for its obligations under the Interest Rate Swap Agreement to be transferred to a replacement Interest Rate Swap Provider with the ratings required by the relevant Rating Agency within 30 calendar days; or • Take any other action as may be agreed by Fitch within 30 calendar days.
	Subsequent downgrades: **Moody's:** If both the Interest Rate Swap Provider and guarantor under an Eligible Guarantee (as defined in the Interest Rate Swap Agreement) are rated less than: (a) Prime-2 (for the entity's short-term unsecured and unsubordinated debt obligations) and A3 (for the entity's long-term, unsecured and unsubordinated debt or counterparty obligations); or (b) if not subject to a short-term rating, A3 (for the entity's long-term unsecured and unsubordinated debt or counterparty obligations).	• Interest Rate Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become a co-obligor or guarantor in respect of its obligations under the Interest Rate Swap Agreement; • Interest Rate Swap Provider to arrange for its obligations under the Interest Rate Swap Agreement to be transferred to a replacement Interest Rate Swap Provider with the ratings required by the relevant Rating Agency; or • Termination of the Interest Rate Swap Agreement (if the steps above are not taken within the timing specified in the Interest Rate Swap Agreement).

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
	Fitch: If the short-term, unsecured and unsubordinated debt obligationsof the Interest Rate Swap Provider (or its successor) or any Credit Support Provider from time to time in respect of the Interest Rate Swap Provider ceases to be rated at least as high as F2 If the long-term, unsecured and unsubordinated debt obligationsof the Interest Rate Swap Provider (or its successor) or any Credit Support Provider from time to time in respect of the Interest Rate Swap Provider ceases to be rated at least as high as BBB+	• Interest Rate Swap Provider to provide collateral for its obligations under the Interest Rate Swap Agreement within 30 calendar days; • Interest Rate Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become a guarantor in respect of its obligations under the Interest Rate Swap Agreement within 30 calendar days; • Interest Rate Swap Provider to arrange for its obligations under the Interest Rate Swap Agreement to be transferred to a replacement Interest Rate Swap Provider with the ratings required by the relevant Rating Agency within 30 calendar days; or • Take any other action as may be agreed with Fitch within 30 calendar days.
	Second subsequent downgrades: **Fitch:** If the short-term, unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider (or its successor) or any Credit Support Provider from time to time in respect of the Interest Rate Swap Provider ceases to be rated at least as high as F3 If the long-term, unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider (or its successor) or any Credit Support Provider from time to time in respect of the Interest Rate Swap Provider ceases to be rated at least	• Interest Rate Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become a co-obligor or guarantor of its obligations under the relevant Interest Rate Swap Agreement within 30 calendar days; • Interest Rate Swap Provider to arrange for its obligations to be transferred to a replacement Interest Rate Swap Provider with the ratings required by the relevant Rating Agency within 30 calendar days;

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
	as high as BBB-	• Interest Rate Swap Provider to provide collateral in respect of its obligations under the Interest Rate Swap Agreement within 10 calendar days; or • Take any other action as agreed with Fitch within 30 calendar days.
	The information above is a summary of the ratings triggers currently set out in the Interest Rate Swap Agreement. The appropriate remedy available for a breach of the relevant ratings triggers set out above will depend on the criteria applied by the relevant Rating Agency from time to time. The consequences of the relevant required ratings being breached are set out in more detail in the "*Summary of the Principal Documents - Interest Rate Swap*" section of the Prospectus.	
Covered Bond Swap Provider	The rating of the long-term and/or short-term unsecured, unsubordinated and unguaranteed debt obligations of the Covered Bond Swap Provider (or its successor) or, in certain cases, its credit support provider, are downgraded by a Rating Agency below the required ratings specified by such Rating Agency in the relevant Covered Bond Swap Agreement.	• Covered Bond Swap Provider to provide collateral for its obligations; • Covered Bond Swap Provider to arrange for its obligations to be transferred to a replacement Covered Bond Swap Provider with the ratings required by the relevant Rating Agency; • Covered Bond Swap Provider to procure another entity with the ratings required by the relevant Rating Agency to become co-obligor or guarantor under the relevant Covered Bond Swap Agreement; • Covered Bond Swap Provider to take such other actions as the Covered Bond Swap Provider may agree with the relevant Rating Agency in order to maintain or restore (as applicable) the rating of the Covered Bonds; or • Termination of the relevant Covered Bond Swap Agreement (if the steps above are not taken).
	The information above is a summary of the ratings triggers typically included in the ratings criteria of the Rating Agencies for covered bond swaps. The appropriate remedy available for a breach of the relevant ratings triggers will depend on the criteria applied by the relevant Rating Agency from time to time. The consequences of the relevant required ratings being breached are set out in more detail in the "*Summary of the Principal Documents – Covered Bond Swap*	

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
	Agreements" section of the Prospectus.	
Account Bank	Short-term, unsecured, unguaranteed and unsubordinated debt obligation rating of the Account Bank ceases to be at least P-1 by Moody's or F1 by Fitch (or the long term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A by Fitch).	• Either: (a) GIC Account and the Transaction Account to be closed and all amounts transferred to a bank holding the requisite ratings; or (b) Account Bank to obtain and unconditional and unlimited guarantee of its obligations under the Bank Account Agreement from a financial institution with the requisite ratings.
	The consequences of the relevant required ratings being breached are set out in more detail in the section of the Prospectus entitled "*Summary of the Principal Documents –Bank Account Agreement*".	
Stand-by Transaction Account Bank	Short term, unsecured, unsubordinated and unguaranteed debt obligations fall below P-1 by Moody's or F1 by Fitch (or the long term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A by Fitch).	• Stand-by Transaction Account Bank to be either: (a) replaced; or (b) have its obligations guaranteed by, a satisfactorily rated financial institution.
	The consequences of the relevant required ratings being breached are set out in more detail in the section of the Prospectus entitled "*Summary of the Principal Documents –Stand-by Transaction Account Agreement*".	
Stand-by GIC Provider	Short term, unsecured, unsubordinated and unguaranteed debt obligations fall below P-1 by Moody's or F1 by Fitch (or the long term unsecured, unsubordinated and unguaranteed debt obligations cease to be rated at least A by Fitch	• Stand-by GIC Provider to be either: (a) replaced; or (b) have its obligations guaranteed by, a satisfactorily rated financial institution.
Servicer	Long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Servicer ceases to be at least Baa1 by Moody's or BBB by Fitch.	• Servicer is required to use reasonable efforts to appoint a back-up servicer facilitator within 60 calendar days.
	Long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Servicer ceases to be at least Baa2 by Moody's or BBB- by Fitch.	• With the assistance of the back-up servicer facilitator, the Servicer is required to use reasonable efforts to enter into a back-up servicing deed with a third party within 60 calendar days.
	The consequences of the relevant required rating being breached are set out in	

Transaction Party/Test	Required Ratings	Possible effects of Trigger being breached include the following
	more detail in the section of the Prospectus entitled "*Summary of the Principal Documents - Servicing Deed – Undertakings of Servicer*".	
Cash Manager	Long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Cash Manager ceases to be at least Baa1 by Moody's or BBB by Fitch.	• Cash Manager is required to use reasonable efforts to appoint a back-up cash manager facilitator within 60 calendar days.
		• Pre-funding of the Required Coupon Amount on each LLP Payment Date (including the obligation of the Society to make a Cash Capital Contribution if required).
	Long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Cash Manager ceases to be at least Baa3 by Moody's or BBB- by Fitch	• With the assistance of the back-up cash manager, the Cash Manager is required to use reasonable efforts to enter into a back-up cash management agreement with a third party within 60 calendar days.
	Long-term unsecured, unguaranteed and unsubordinated debt obligation rating of the Cash Manager ceases to be at least Baa3 by Moody's or BBB- by Fitch.	• Asset Monitor required to report on arithmetic accuracy of Cash Manager's calculations more frequently.
Seller	Short term rating of lower than F2 by Fitch or lower than P-2 by Moody's	• Servicer to redirect any direct debits from Borrowers to the CB Collection Account.

Each of the ratings set out in this section has been assigned by Fitch Ratings Ltd. (**Fitch**) or Moody's Investors Service Limited (**Moody's**) and, together with Fitch, the **Rating Agencies**) (as indicated).

Non-Rating Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
Asset Coverage Test	On a Calculation Date, the Adjusted Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on that Calculation Date. See the section of the Prospectus entitled "*Summary of the Principal Documents – LLP Deed – Asset Coverage Test*".	• Breach of the Asset Coverage Test which is not remedied on the next Calculation Date requires the Bond Trustee to serve an Asset Coverage Test Breach Notice on the LLP and the LLP or the Issuer shall send the same notice to the FCA pursuant to the RCB Regulations. If this breach is not remedied by the third Calculation Date after the service of such notice, it will lead to an Issuer Event of Default.
Amortisation Test	On a Calculation Date following service of Notice to Pay on the LLP, the Amortisation Test Aggregate Loan Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on that Calculation Date. See the section of the Prospectus entitled "*Summary of the Principal Documents – LLP Deed – Amortisation Test*".	• Breach of the Amortisation Test on any Calculation Date following the service of a Notice to Pay leads to an LLP Event of Default. • LLP Acceleration Notice served on the LLP.
Yield Shortfall Test	Only following the service of a Notice to Pay, the aggregate amount of interest on the Loans and amounts under the Interest Rate Swap Agreement to be received by the LLP during the Relevant LLP Payment Period ceases to give a yield on the Loans of at least LIBOR plus 0.20 per cent. See the section of the Prospectus entitled "*Summary of the Principal Documents – Servicing Deed – Setting of Standard Variable Rate and other discretionary rates and margins*" for more information.	• Servicer to give written notice within one Business Day to the LLP and the Security Trustee of the amount of the shortfall and the LLP Standard Variable Rate and the other discretionary rates or margins which would in the Servicer's opinion need to be set in order to meet the Yield Shortfall Test.
Issuer Event of Default	Any of the events listed at Condition 9(a) (*Events of Default, Acceleration and Enforcement – Issuer Events of Default*) occurs.	• Covered Bonds become accelerated as against the Issuer (but not against the LLP).

Nature of Trigger	Description of Trigger	Consequence of Trigger
	See the section of the Prospectus entitled "*Terms and Conditions of the Covered Bonds*" for more information.	• Notice to Pay served on the LLP. • Following service of Notice to Pay, LLP starts making payments of Guaranteed Amounts under the Covered Bonds.
LLP Event of Default	Any of the events listed at Condition 9(b) of the Prospectus (*Events of Default and Enforcement – LLP Events of Default*) occurs and an LLP Acceleration Notice is served. See the section of the Prospectus entitled "*Terms and Conditions of the Covered Bonds*" for more information.	• Security becomes enforceable. • Covered Bonds will become immediately due and repayable as against the Issuer (if not already the case) and also against the LLP. • Moneys received or recovered by the Security Trustee will be applied in accordance with the Post-Enforcement Priority of Payments.

J FEES

The table below sets out the principal on-going transaction fees.

Type of Fee	Amount of Fee	Priority in Cashflow[1]	Frequency
Servicing fees and Cash Management fees	**Servicer and Cash Manager Fees:** For as long as the Society is acting both as Cash Manger and Servicer, the LLP shall pay to the Society a combined administration fee of £1,200 per annum for its services under the Cash Management Agreement and the Servicing Deed.	Following service of a Notice to Pay on the LLP ahead of all outstanding Covered Bonds[2]	Each LLP Payment Date
Bond Trustee, Security Trustee and other fees and expenses of the LLP	Are not expected to be more than £30,000 in aggregate per annum	Following service of a Notice to Pay on the LLP ahead of all outstanding Covered Bonds[3]	Each LLP Payment Date

(1) Prior to the service of a Notice to Pay on the LLP, the Covered Bonds are obligations of the Issuer only and will rank pari passu without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Issuer from time to time outstanding.

(2) Post-enforcement, these fees will rank pari passu with the Covered Bonds.

(3) Although post-enforcement these fees will rank pari passu with the Covered Bonds, this does not include any fees payable to a liquidator, administrator, administrative receiver, receiver or manager or to the trustee in connection with the expenses of the winding up, administration, administrative receivership or receivership.